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TARIFF HEARINGS

BEFORE THE COMMITTEE ON
WAYS AND MEANS OF THE
HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS

1908-1909

SCHEDULE G

Agricultural Products and Provisions



WASHINGTON
GOVERNMENT PRINTING OFFICE
1909

COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

SERENO M. PAYNE, *Chairman*.

JOHN DALZELL.
SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.

NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDGAR W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

P R E F A C E .

Tariff hearings were begun on November 10, 1908, pursuant to the following notice:

The Committee on Ways and Means will hold hearings on tariff revision, at Washington, D. C., commencing on the following dates:

Tuesday, November 10, 1908, on Schedule A—Chemicals, oils, and paints.

Thursday, November 12, 1908, on Schedule H—Spirits, wines, and other beverages.

Friday, November 13, 1908, on Schedule F—Tobacco, and manufactures of.

Monday, November 16, 1908, on Schedule E—Sugar, molasses, and manufactures of.

Wednesday, November 18, 1908, on Schedule G—Agricultural products and provisions.

Friday, November 20, 1908, on Schedule D—Wood, and manufactures of.

Saturday, November 21, 1908, on Schedule M—Pulp, papers, and books.

Monday, November 23, 1908, on Schedule B—Earths, earthenware, and glassware.

Wednesday, November 25, 1908, on Schedule C—Metals, and manufactures of.

Saturday, November 28, 1908, on Schedule N—Sundries.

Monday, November 30, 1908, on Schedule J—Flax, hemp, and jute, and manufactures of.

Tuesday, December 1, 1908, on Schedule I—Cotton manufactures, and on Schedule L—Silks and silk goods.

Wednesday, December 2, 1908, on Schedule K—Wool, and manufactures of.

Friday, December 4, 1908, on Sections 3-34, and miscellaneous matters.

Hearings on articles now on free list will be held on the above dates in connection with the above subjects to which they most nearly relate.

The hearings will be held in the rooms of the committee, third floor, House of Representatives Office Building.

Sessions will begin at 9.30 a. m. and 2 p. m., unless otherwise ordered.

Persons desiring to be heard should apply to the clerk of the committee previous to the day set for the hearing, to be assigned a place on the programme for that day. A person making such application should state:

1. His name.
2. His permanent address.
3. His temporary address in Washington.
4. Whom he represents.
5. Concerning what paragraphs he desires to be heard.
6. Briefly, what position he expects to advocate.
7. How much time he wishes to occupy.

He should also inclose a copy of his brief and of any documents he desires filed with the committee.

All briefs and other papers filed with the committee should have indorsed on them the name and address of the person submitting them, and the numbers of the paragraphs of the present law (act of July 24, 1897) to which they relate.

WILLIAM K. PAYNE,

Clerk, Committee on Ways and Means.

The committee subsequently extended the time for hearings to December 24, 1908.

On the opening day of the second session of the Sixtieth Congress (December 5, 1908), the following resolution was passed by the House of Representatives:

Resolved, That the Committee on Ways and Means, in their investigation and inquiry for the purpose of preparing a bill to revise the present tariff laws, shall have power to subpoena and examine witnesses under oath, and to send for records, papers, and all other evidence that may be necessary to make the investigation and inquiry full and complete, and that the Speaker shall have authority to sign and the Clerk to attest subpoenas during the recess of Congress.

Pursuant to this resolution, all witnesses appearing before the committee, beginning with the session on December 10, 1908, were sworn before giving their testimony.

The stenographic minutes of each day's proceedings, together with the briefs and memorials filed, were printed and distributed the following morning, and upward of 2,500 copies of this first print were sent out each day. Copies were sent to each witness, with a request that he correct his statement as printed, and return the revised copy to the clerk. Such corrections have been used in preparing this revised edition of the hearings.

In this edition the chronological order of the statements has been disregarded, and the oral statements and papers filed on each subject have been grouped together, following, as far as practicable, the arrangement of subjects in the present tariff law. The date of each oral statement is placed at the beginning of it.

A large number of letters have been filed with the committee which merely stated the attitude of the writer, or else substantially repeated an argument which had already been printed in the hearings. Such letters have not been included in this work, but instead, a statement is made that such letters have been received. They are all on the committee's files, and accessible to the members of the committee. By this means, the size of the volumes, already bulky, has been somewhat reduced, the printing has been expedited, and, it is believed, many undesirable repetitions have been avoided.

WILLIAM K. PAYNE.

JANUARY, 1909.

REMARKS BY THE CHAIRMAN.

Tuesday, November 10, 1908, the chairman of the committee, Hon. S. E. Payne, opened the public hearings with the following remarks:

Gentlemen, the hearings will commence at half past 9 in the morning and continue until 1 o'clock, when a recess will be taken until 2 o'clock. The hearings will then be resumed in the afternoon at 2 o'clock, and if it becomes necessary to take a recess at 6 o'clock the committee can do so and continue the hearings at 8 o'clock.

The opening hearing this morning, as you are aware, is upon the chemical schedule of the tariff, and it is the desire of the committee to hear the parties interested and others who may desire to speak on the subject embraced in the schedule, and also concerning the chemicals on the free list, and so with each paragraph of the bill as we proceed, so that the discussion may continue intelligently, involving every item connected with the subject.

The committee has no apologies to make for the bad acoustics of the hall, as we have nothing to do with that feature. We hope the people in attendance will be able to hear, and I would caution those in attendance that they speak in a sufficiently loud tone of voice that the committee can hear.

December 22, 1908, at the close of the formal hearings, the chairman said:

Gentlemen, in accordance with the resolution of the committee passed two weeks ago this closes the hearings and there will be no further hearings by the committee unless they desire information on some subject and invite gentlemen to be present to give them that information—that is, there will be no hearings for volunteers as distinguished from those who may be sent for by the committee. Of course, any persons desiring to present briefs and file them can do so, and they will be printed with the hearings. The only difficulty in regard to that is that if they are not brought in promptly they will be printed in a subsequent volume. I think we have material now for five or six volumes, and belated briefs and papers will be printed in a subsequent volume with the index.

Before we adjourn I want to thank the members of the committee for their uniform courtesy, and especially their indefatigable inquiries tending to bring out the facts in reference to the tariff and in order to aid in perfecting the bill. I think the minority members of the committee especially are entitled to thanks for their perseverance and patience in getting at the facts.

Mr. COCKRAN. As the senior member of the minority, Mr. Chairman, I want to say that nothing could be fairer than the manner in which this investigation has been conducted, and no inquiry could be fuller in its scope or more fruitful in its results.

The CHAIRMAN. The chairman is very much gratified at the gentleman's statement. The committee will now stand adjourned.

SCHEDULE G.

AGRICULTURAL PRODUCTS AND
PROVISIONS.

SCHEDULE G—AGRICULTURAL PRODUCTS AND PROVISIONS.

BEEF CATTLE.

[Paragraph 218.]

**W. S. WILLIAMSON, LONDON, ENGLAND, WRITES IN ADVOCACY OF
REMOVAL OF DUTY FROM BEEF CATTLE.**

LONDON, *November 22, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington.

MY DEAR SIR: As an American, I protest against duty upon cattle. Import upon beef cattle should be removed.

Canada, Central and South American cattle are not up to the high standard of American breeds, and they can not compete with the high-grade beef which those who have the price can afford to buy and enjoy. However, the cheaper grades of beef from foreign countries could be sent into New York and New Orleans and the poor people could enjoy a beefsteak or a roast once in a while. At the present price of beef it is prohibitive to the poor people.

The present price of beef on the hoof is about 2 cents per pound in Nicaragua, 3 cents in Honduras, 4 cents in Costa Rica. There are, in the mountains of Nicaragua, thousands of fairly good beef to be had, but they can't be shipped to New York or New Orleans at the present import tax. The present revenue to the Government is nil on import of cattle from Central America. If the tax was taken off, cheaper meat could be had by the poor people. I hope that you will do us the honor to investigate this sad condition of affairs and remedy the evil. Hoping that I may have the pleasure of meeting you on my return home.

Yours, very sincerely,

W. S. WILLIAMSON,
(Formerly of Cayuga County, N. Y.)

**THE UNITED BUTCHERS' ASSOCIATION OF AMERICA ASKS THAT
DUTY BE REMOVED FROM LIVE STOCK.**

TROY, N. Y., *November 16, 1908.*

Committee on Ways and Means,

Washington, D. C.

GENTLEMEN: The attitude of the market men of the United States on prevailing tariff on live cattle and live stock to be used for food

is best expressed in the following preamble and resolutions adopted at the New York State Convention of Master Butchers, held at Utica, N. Y., June 8-10, 1908, and also at the national convention of the same body held at Cleveland, Ohio, August 11-13, 1908:

"Whereas the great scarcity of live cattle, attributed to financial conditions, depriving the greater portion of the people of a sufficient supply of meats; and

"Whereas such scarcity has been the means of the enormous advance in the price of meats; and

"Whereas such scarcity is reputed to be owing to the demand for meats being greater than the supply; and

"Whereas our National Government exacts a tariff on live stock, shutting out our outside sources of supply: Therefore, be it

"Resolved, That we, the United Master Butchers of America, in convention assembled, expert in the knowledge of the conditions and the remedies to apply, demand in the name of the great American consuming public that the Federal Government take immediate steps to have the duty on all live stock removed; and it is further

"Resolved, That a copy of this preamble and resolution be sent to the President of these United States, and in addition that they be given greatest publicity."

Having been delegated by both of these associations to present our views on this subject to your honorable body, and being unable to appear at your scheduled hearing (under Schedule G), owing to limited notice, I take this method of presenting the sentiments of the body of business men best qualified by reason of the nature of their business to judge of the merits of the case.

Very respectfully, yours,

[SEAL.]

D. J. HALEY,

Secretary United Master Butchers' Association of America.

FOOD PRODUCTS.

STATEMENT OF LOUIS J. SCARAMELLI, OF P. PASTENE & CO., 48 HARRISON STREET, NEW YORK CITY.

THURSDAY, *November 19, 1908.*

MR. SCARAMELLI. Mr. Chairman and gentlemen, as a representative of the Italian Chamber of Commerce of New York, I have here a long memorial, which I am not going to read, owing to lack of time, but I am going to put this memorial on record, and I should like that this honorable committee would read it at their leisure, for you will find some interesting arguments concerning the importation of Italian products.

In addition to this memorial, I want to make a few remarks to this honorable committee concerning a few articles, not as a representative of the Italian Chamber of Commerce, but as vice-president of P. Pastene & Co., of New York and Boston. Shall speak for the importers of New York City; but what is more interesting to me, I want to speak in behalf of the United States consumers. The first article I want to talk about is macaroni. P. Pastene & Co., of New York City and Boston, import 1,500,000 boxes of macaroni a year from

Naples, and also have a good interest in manufacturing domestic macaroni. We have not been able to make as good macaroni in this country as the imported, therefore selling more of the latter. I do not know why; we do not. By rights we should ask a reduction of the duty on macaroni. On the other hand, we feel that we want to protect the manufacturers of this country; but we positively ask that no raise should be made on macaroni, and for this reason: Something like two or three months ago there was a statement made that imported Russian wheat had been brought to this country, duty paid on it, manufactured into macaroni, and sold at the rate of \$1.18 to \$1.20 a box, whereas imported macaroni made in Naples out of the very same wheat can not be sold at less than \$1.35 to \$1.40. That is enough to show that the present tariff gives sufficient protection to domestic goods.

The second article I want to speak of is rice. I principally speak about Italian rice. We demand a rate of $1\frac{1}{2}$ cents a pound duty, as we think that should be enough, for one reason: I have been a traveling salesman for a few years and had the experience of never being able to replace the sale of one bag of Italian rice with any other rice when the Italian was selling high. That shows that the consumers of Italian rice would not take anything else in its place. It has a characteristic quality of its own; it is used in a certain way in cooking puddings, cakes, soups, and other specialties of these foreigners.

Mr. GRIGGS. Will you permit me to ask you a question right there?

Mr. SCARAMELLI. Yes, sir.

Mr. GRIGGS. You say no rice has ever been raised to take the place of Italian rice?

Mr. SCARAMELLI. No; I did not say that. I said I never have been able to sell to any of my customers any other rice but Italian rice.

Mr. GRIGGS. That is what I asked you.

Mr. SCARAMELLI. Yes, sir.

Mr. GRIGGS. And they will pay any price for it?

Mr. SCARAMELLI. No; they will not pay any price. They will stay without rice; they will not buy it at a high price.

Mr. GRIGGS. All right.

Mr. SCARAMELLI. Now, inasmuch as this rice does not enter into competition with domestic rice, $1\frac{1}{2}$ cents a pound is enough duty. You may ask me how one-half cent reduction would benefit the consumers. If anybody goes down to New York through Mulberry street and in the Jewish district, making a practice of it, you will find in front of all the stores a little ticket on everything, giving the price of the article; you go there the next morning, or later, and you will find the prices changed. Why? Because the consumer travels to get the best bargain. And let me tell you they do also know about the quality. By marketing they soon know a change in the price, if any. I think that the consumer, and no one but the consumer, would have the benefit of the change.

Mr. GRIGGS. Still he would not give it up, even at 2 cents?

Mr. SCARAMELLI. Will not sell as much of it. With duty at $1\frac{1}{2}$ cents a pound would probably sell twice as much to-day.

Mr. BOUTELL. In what way would this half a cent reduction be carried on to the consumer; how would it manifest itself in the price of rice?

Mr. SCARAMELLI. This way: Italian rice costs us, to import, 5 $\frac{3}{4}$ cents. There is no trust on Italian rice.

Mr. GRIGGS. If the tariff was reduced, would you sell it at 5 $\frac{3}{4}$ cents?

Mr. SCARAMELLI. If the tariff was reduced, we would sell it according to cost.

Mr. GRIGGS. You say it costs you 5 $\frac{3}{4}$ cents now to import. If the tariff was reduced, what would you sell it at?

Mr. SCARAMELLI. Half a cent cheaper.

Mr. GRIGGS. You would sell it at 5 $\frac{1}{2}$ cents?

Mr. SCARAMELLI. No; it would be half a cent a pound duty less, and we would sell it half a cent a pound cheaper. The cost price is 5 $\frac{3}{4}$ cents, and the price of the retailer is 6 $\frac{1}{4}$ cents.

Mr. GRIGGS. You would sell it half a cent cheaper?

Mr. SCARAMELLI. Yes.

Mr. GRIGGS. If you got this reduction?

Mr. SCARAMELLI. Yes.

Mr. GRIGGS. What will the retailer sell it at?

Mr. SCARAMELLI. The retailer will have to sell it on the same scale. Every consumer is posted on the price.

Mr. GRIGGS. At what price would he sell it?

Mr. SCARAMELLI. The Italian rice is retailed to-day in New York City at 8 cents, and if this reduction of half a cent should be given, it would be sold at 7 $\frac{1}{2}$ cents to the consumer.

The CHAIRMAN. You think a half a cent reduction in this duty would increase the imports?

Mr. SCARAMELLI. Yes.

The CHAIRMAN. That is the interest you come in?

Mr. SCARAMELLI. Yes; I think it will.

The CHAIRMAN. I say, that is the interest you have in the matter, that it would increase the imports?

Mr. SCARAMELLI. No, sir; the most interest I have, as I said in the beginning, is to give the consumer a little cheaper price.

The CHAIRMAN. Would that reduce the price?

Mr. SCARAMELLI. It would reduce the price, of course.

The CHAIRMAN. Go ahead.

Mr. SCARAMELLI. Now, I want to talk about canned vegetables and canned fish. On these articles we do not demand any lower duty, but what we demand is a specific duty instead of an ad valorem duty. The ad valorem duty has given us a lot of trouble. I want to give you an illustration. Pastene & Co. have been established in the United States since 1874. We have imported a million dollars' worth of goods, and we have entered ours goods at cost—always at cost. We have not tried to defraud the Government in any way; never did. There is nothing on record in Washington that can prove anything against our concern. With all this we had our prices raised by the appraiser. We go up there, show them what the goods cost, produce correspondence, invoice, private letters from other firms, showing that that is the market value, but they come back sustaining the advance.

Mr. GRIGGS. Did I understand you to say that nobody could persuade those people to buy any other rice than that?

Mr. SCARAMELLI. No; they buy other rice, of course; but the fellow that buys Italian rice wants Italian rice.

Mr. GRIGGS. Did you ever try to sell it in South Carolina?

Mr. SCARAMELLI. Yes; we have customers in South Carolina that buy it.

Mr. GRIGGS. They do not want Italian rice down there?

Mr. SCARAMELLI. Yes; Italian rice; we sell once in a while a bag.

Mr. GRIGGS. Once in a while?

Mr. SCARAMELLI. Yes. There are not many Italians down there, but once in a while they ask for it.

Coming back to canned vegetables, I will say that lately canned goods in general have been advanced by the appraisers, claiming that a rebate on tins is given. We testified of not knowing anything about it and were asked to get information if possible. We are informed already that 35, 40, 50, and 75 centimes has been returned to manufacturers as drawback. Such irregular return will cause a long trial and therefore the consequence of considerable expense on our part. Do you think for a minute that we are going to lose this money? No, sir; we are going to raise the price of the goods. Who will suffer? I will, partly, as a consumer, and so will the other people of the United States. All we ask is that this ad valorem duty be changed into a specific one. On canned vegetables, where there is a 40 per cent ad valorem duty, we ask that 1 cent a pound on the gross weight of the goods should be charged instead, which is about equal to the 40 per cent ad valorem. We ask for a specific duty on the gross weight, because we will then save all the trouble of having cases before the appraiser, and the Government will not be getting bills for spoiled goods, and so forth.

As to canned fish packed in oil or salt, will say that the present tariff provides for a specific duty of $1\frac{1}{2}$, $2\frac{1}{2}$, 5, and 10 cents per can of a certain small size, equal to about 1 cent per pound, and 40 per cent packed otherwise, equal to about 3 cents per pound. It shows that it costs more to import large packages than small cans. Why should such a difference exist on same quality of goods when we can not even protect American labor for the canning purpose? We ask that the duty of 2 cents a pound gross weight should be charged on all canned fish packed in cans, otherwise same as on vegetables.

Here I have another interesting article, which is cheese. Reggiano, Parmesan, Gorgonzola, and Roman are cheeses imported into the United States and largely used. They are not made here; they can not be made here. Has been tried to make them, but with no success. The reason why, I do not myself know; but I have been told by experienced people that pasture has a lot to do with it, climate has a lot to do with it, experience in making the cheese has a lot to do with it, and so it has been found impossible to do it.

The CHAIRMAN. What kinds of cheese are those that can not be made here?

Mr. SCARAMELLI. Reggiano, Roman, Gorgonzola, Roquefort, and Parmesan.

Mr. GAINES. How about limburger cheese?

Mr. SCARAMELLI. I am not discussing limburger cheese now. There is plenty of it made here, and good, too.

Mr. GRIGGS. Did you not say that Roquefort cheese could not be made here?

Mr. SCARAMELLI. Yes, sir.

Mr. GRIGGS. I thought you mentioned that.

The CHAIRMAN. Roquefort cheese is made in New York, is it not?

Mr. SCARAMELLI. Yes; but it does not compete with the imported.

The CHAIRMAN. I think they will get there on all the varieties, if they work at it.

Mr. GRIGGS. You said they could not make Roquefort cheese here?

Mr. SCARAMELLI. No; they have no sheep here to any extent.

Mr. GRIGGS. No what?

Mr. SCARAMELLI. No sheep.

Mr. GRIGGS. I have eaten good Roquefort cheese made in New York.

Mr. SCARAMELLI. Did you think it was good?

Mr. GRIGGS. I thought it was.

Mr. SCARAMELLI. Well, maybe you know more about it than I do. I want to sell the domestic Roquefort cheese myself, because I can make more profit out of it.

Mr. GRIGGS. You do not eat it, do you?

Mr. SCARAMELLI. Sometimes. I do eat imported—

The CHAIRMAN. Some of the best grocers in the country sell domestic Roquefort cheese for imported cheese.

Mr. SCARAMELLI. That is new to me. If they do sell it for imported cheese, if domestic Roquefort is sold for imported, I must say that I do not know anything about it. The people I know are very reliable and honest, and if they sell domestic cheese they state so, and sell it as domestic cheese.

Mr. GRIGGS. They do that under the pure-food law.

Mr. SCARAMELLI. Possibly.

The CHAIRMAN. If I had more time, I would tell you more about that.

Mr. SCARAMELLI. What we do in this line is not done in competition with the domestic, and we say that a 6-cent duty is too much, and we ask a duty of 4 cents only. We have imported Swiss cheese, the only one that runs in competition with the domestic. The imported sells at 24½ cents, where the domestic sells for 12½ cents. Here we have 12 cents in favor of the domestic producer. Where is that much difference in the prices of the cheeses? The quality is the only explanation, and if the domestic manufacturers ever come to the day that they can make domestic Swiss as good as the imported it is reasonable to suppose that the domestic can be sold here much cheaper than the imported, and it is reasonable to suppose that everybody would use domestic if the quality is the same. At any rate why not at least provide a special tariff on cheeses not made here?

The CHAIRMAN. This grocery man I speak of did buy it cheaper, but he sold it at the same price as imported cheese.

Mr. SCARAMELLI. I do not know who he sold it to.

The CHAIRMAN. Well, I do. [Laughter.]

Mr. SCARAMELLI. Who did he sell it to?

The CHAIRMAN. Go on. I am not going to stop to tell the story now.

Mr. SCARAMELLI. If a man buys domestic Swiss for imported, he is not a good judge of cheese; I can tell the difference.

Mr. FORDNEY. Maybe he sold it to the chairman.

Mr. SCARAMELLI. Then the chairman ought to see the difference between domestic and imported, because there is a difference.

Mr. GRIGGS. Why should we take care of your Italian people who eat this cheese?

Mr. SCARAMELLI. For the reason that it is not used only by the Italians, but Americans eat it also.

Mr. GRIGGS. There are only two men on this committee able to buy it.

Mr. SCARAMELLI. There are eighty millions of people in the United States, and I hope there are some who will use it. In fact, there are a lot of them who use it, because the importation is quite large, although not as good as it ought to be.

Mr. GRIGGS. I do not know any reason why they should refuse to do it, if common American citizens eat it.

The CHAIRMAN. Do you not want to talk about any other food besides cheese?

Mr. SCARAMELLI. I am only here to explain how it can be easily reduced to 4 cents, and there will be twice as much sold as we are selling to-day, and the Government will get more revenue.

The CHAIRMAN. It appears to me you have exhausted that subject. Is there anything else you want to talk about?

Mr. SCARAMELLI. Yes; olive oil.

The CHAIRMAN. That is what I thought you were going to talk about in the beginning.

Mr. SCARAMELLI. I left that to the last, because it was the most important subject.

The CHAIRMAN. Go ahead.

Mr. SCARAMELLI. Olive oil is used not only by Italians, but by nearly all Americans, and it has become a necessity to our table. Of the production of olive oil, so far as we know, it seems that 5 per cent is made in this country and 95 per cent must come from abroad.

Mr. GRIGGS. What do you do with the cotton-seed oil that we send over there?

Mr. SCARAMELLI. I do not know. We ask that instead of 50 cents a gallon the duty should be reduced to 30 cents for tins, bottles, etc., and 20 cents per gallon from 5 gallons upward. As far as I am concerned, I believe we should get it free, because I think it has become a necessity to all of us. We are educating our children to take a little every morning, and used largely as a medicine. The Italian Chamber of Commerce shows in its report that the duty should be reduced to 30 cents a gallon on olive oil in bottles, jars, tins, or similar packages, and to 20 cents a gallon in bulk, including tins from 5 gallons upward, protecting American labor for canning purposes.

As far as the revenue is concerned, I know there is a large income from the olive-oil products, and reducing the duty to 30 cents a gallon means a great loss; then again, why not raise this loss on luxuries? Olive oil has become a necessity, and any duty on this article is only a burden on the consumer.

BRIEF RELATIVE TO FOOD PRODUCTS FILED BY LOUIS J. SCARAMELLI, IN BEHALF OF THE ITALIAN CHAMBER OF COMMERCE OF NEW YORK CITY.

WASHINGTON, D. C.,
November 22, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Italian Chamber of Commerce in New York, a commercial body of American citizens, incorporated under the laws of the State of New York, representing important interests in both trade and consumption of Italian as well as of domestic products in the United States, and especially identified with the interests of agricultural products and provisions covered by Schedule G of the tariff law, respectfully submits to the consideration of this honorable committee, for adoption, the following recommendations respecting duties on articles coming under said schedule.

This chamber believes that its recommendations will receive greater attention and carry greater weight with this honorable committee if the most relevant motives and facts that justify their suggestion be stated before those having a specific relation to each singular article.

One of the most remarkable features of the economic intercourse between this and foreign countries during the last decade, namely, since the operation of the present tariff, has been the development of immigration to an unprecedented number, which was in itself both a consequence and a factor of the prosperity that until recently has marked the progress of this great nation, and we trust will mark it even in a greater measure in the future. This immigration, which has brought to our shores for the period stated 7,500,000 people, about 3,900,000 of whom are from Mediterranean countries, and about 1,754,000 from Italy alone, adding new useful strains to the already cosmopolitan character of the population of this country, has, by reason of its habits and tastes, determined a notable increase in the import trade from the Mediterranean countries, whence most of this population originates, as well as in the consumption of such American products as it is possible to obtain in this country on the lines of those originating from the old countries. Thus, importations from Italy, for instance, from a little over \$20,000,000 in 1898, increased to about \$50,500,000 in fiscal year 1907, the increase being chiefly in articles of food.

But it must not be understood that this inflow of alien population did not advantage domestic industries as well, for the great development shown by such domestic industries as the macaroni, wine, and prepared-meat industries was in no small measure due to the demand arising from this increased immigration.

The development of these industries—due mainly to immigration from Mediterranean countries—has not probably attracted as much attention as it deserves from the great body of native American population, by reason of the difference in habits and tastes and the comparatively little interest that is taken in the newcomers, save as a source of much exaggerated and unwarrantable fear of competition in the labor market.

While from a superficial survey it would appear as if the interests of the domestic industries profiting by such immigration were op-

posed to those of the import trade from the countries of origin of this immigration, from a deeper study and analysis of actual conditions and facts, and their mutual relations, it is evidenced that the continuance and increase of this import trade is as necessary to the success of kindred domestic industries as this statement may at first seem paradoxical. The reasons are that the importation of such articles is first of all the preliminary and necessary step to the cultivation and maintenance of the habits and tastes upon which is based the consumption, not only of the foreign, but also of the similar domestic article; second, that the importation is the necessary safeguard for the continuation of the supply in cases of short crops or limited output or other causes, and the safety valve against any attempt of monopoly to the detriment of consumers; third, the fact that some of these articles, such as Roman cheese, are only produced abroad, or are yet and can only be produced in limited quantity, or can not be produced at all at reasonable price in the United States, such as olive oil; and last, the fact that the importation of several foreign food products bears such relation and interdependence, not only to other foreign articles, but also to articles of domestic production, that this importation is necessary to the home manufacturer in order to develop the consumption of his own product.

Thus, for instance, the importation of Parmesan and Roman cheese, which are not produced at all in this country, and that of tomato paste is as essential to the consumption of domestic macaroni, because such products are used in the preparation of this food according to the taste of the consumers as is that of olive oil, used as condiment, to the consumption of New York or California beans, or of American codfish.

The above-stated arguments, showing interdependence between foreign and domestic interests rather than opposition, or no reason for other than revenue duties on articles not produced or of impracticable production in the United States, should carry weight with this honorable committee in refusing to increase duties on articles under Schedule G, which are already amply protective, and to consider, on the other hand, favorable reductions on such articles as are now too heavily taxed, especially when is considered their economic function as a factor of consumption for other products, both domestic and foreign.

Another important fact pertinent to the present tariff law under Schedule G, upon which this chamber desires to draw the attention of this honorable committee, is the inconvenience of the present system of ad valorem duties, or of combined ad valorem and specific duties.

While, theoretically, an ad valorem duty system would seem the most logical way of collecting revenue upon imported merchandise, in the same way, for instance, as a gradual income tax theoretically appeals as the fairest system of public taxation, practically the ad valorem duties and the system of duties, ad valorem and specific combined, has not proven, under the line of goods covered by Schedule G, a desirable or fair system such as to conciliate without vexation or friction, or with a minimum of these, the interests of trade with those of revenue.

The difficulty inherent in ascertaining the market value of a foreign article, all the greater in countries where, by reason of want

of industrial organization and systematic commercial methods, the causes and range of variability of such market value are numberless, sudden, and indefinite, and the penalties and losses often incurred by importers through absolutely no fault of their own, as well as the uncertainty and retarding influence on trade unavoidable while such system obtains; in brief, the hardships experienced by importers in consequence of this system of duties are more than sufficient to substantiate a plea for the substitution of specific duties to ad valorem or combined and ad valorem duties.

Specific duties, fixed for each article (when no decrease of present ad valorem rate is asked for) at a rate corresponding to the quotient obtained by dividing the total revenue (fines excepted) derived from such article by the quantity of said article imported during a given number of recent years, sufficient to establish a fair average, should be substituted for the present ad valorem duties. The collection of such specific duties would entail less expense and eliminate the friction and vexation that is almost unavoidable with ad valorem rates, while the importer would know exactly where he stands in the matter of duty outlays.

From the foregoing preliminary statement of basic facts and reasons underlying the revision of duties coming under Schedule G, pleaded for by this chamber, this institution passes to the following specific recommendations for singular articles:

229. Macaroni, vermicelli, and all similar preparations.

The Italian Chamber of Commerce in New York, considering that goods under this paragraph, now paying duty at the rate of $1\frac{1}{2}$ cents per pound (which, at an average selling price for domestic macaroni in New York of about $3\frac{1}{2}$ cents per pound, is equivalent to a protection of about 45 per cent on domestic product), represent practically, a staple of consumption for a large number of population of foreign birth; that domestic have over foreign manufacturers, besides the protection of the duty, the additional one of the maritime freight (7 cents per box of 22 pounds, or about one-third of 1 cent per pound); that American durum wheat flour enters now to a greater extent than heretofore into the manufacture of imported macaroni in substitution of Russian durum wheat flour, thus advantaging American agriculture; that the importers of macaroni have over domestic manufacturers, who prepare the goods according to demand, the disadvantage of cold-storage charges in order to prevent deterioration during hot weather; therefore recommends that no increase be made in the rate on macaroni and kindred products, as any such increase would not benefit the domestic manufacturer owing to the cheaper grade of macaroni made in this country, and would only prejudice the consumer, who demands the foreign article for certain specific qualities. American macaroni made from Russian wheat flour sells, after paying duty on flour, at \$1.18–\$1.20 per case of 22 pounds, against an average price of \$1.35–\$1.40 for imported macaroni, which shows that macaroni can be sold even with foreign wheat flour cheaper in the United States than abroad.

232. Rice, cleaned.

The Italian Chamber of Commerce in New York recommends a reduction of duty under this paragraph. Foreign rice pays a duty of 2 cents per pound, equivalent to a protection from 60 to 75 per cent on the domestic article, taking the extreme prices of domestic

rice at $4\frac{1}{2}$ and $6\frac{1}{2}$ cents per pound. The fact that the best grade of South Carolina rice sells even at a higher figure than the imported, notwithstanding the duty that the latter has to pay, shows that there is no need of much fiscal protection on this article, the production of which has increased at the rate of about 400 per cent during the last decade, especially in the rich, dark, loamy soils of Louisiana and prairie lands of eastern Texas; so that in point of value rice is now the twelfth crop of the United States, with a total production for 1907 of 963,500,000 pounds, and a considerable export trade that depends upon the outcome of the crop, and reached in 1905 about 75,000,000 pounds, against about 43,500,000 pounds imported in the same fiscal year and 71,333,000 pounds imported in fiscal year 1907, in which latter amount Italy participated with about 3,000,000 pounds.

Italian rice is demanded in this country for certain specific qualities of its own, which are essential in the preparation of certain food, and, as for this purpose it can not be substituted, this chamber recommends that the duty on this article be reduced to $1\frac{1}{2}$ cents per pound in order to relieve the consumer of the present too onerous rate.

Dairy products.

237. Cheese.

The Italian Chamber of Commerce in New York, under this paragraph, taxing cheese with a duty of 6 cents per pound, has the following remarks and recommendations to make:

While the better paid kinds of imported cheese can stand this duty, in the case of the cheaper denominations it should, out of equity, be reduced proportionately to the lesser cost of the cheese, on the principle, however, of a specific duty. It does not seem right that a cheese selling at 20 cents per pound should pay duty at the same rate as one selling at 30 cents, but there should be a classification of cheese according to its description, and duties fixed specifically and differently for each kind of recognized commercial description. This would bring about a better distribution of the burden of duty.

The duties should be lowest on such cheese as Roman, Parmesan, Gorgonzola, etc., which are not or can not be produced in the United States, and therefore do not come into competition with any domestic product, while a lower rate of duty than the present on such cheese would not only encourage consumption but also secure increased revenue to the Government, and indirectly favor the consumption of other articles, both domestic and foreign, to the use of which cheese is tributary or helpful.

In any case the duty on cheese, if not better arranged by a scale of specific rates proportionate to the value represented by each singular description, should not be increased, as it is already equivalent to a protection of 38.7 to 300 per cent in favor of the domestic article. There is, perhaps, no other article as cheese which is demanded for certain specific characters of flavor and appearance peculiar to its own particular description, in which kind and quality of milk, process of manufacture and curing, aging, season of make, climatic conditions, country of origin, etc., are factors that can not often be reproduced at all outside of the foreign district where that given description of cheese is produced. Hence in the case of most descriptions of imported cheese it can not be said that the foreign article

competes with the domestic or that the latter can substitute the former in the demand of consumers. Therefore any increase of the duty would not advantage domestic production and only hurt consumption and revenue, while a reduction of the present rate to 4 cents per pound is recommended by this chamber, especially for Roman, Parmesan, Reggiano, and Gorgonzola cheese for the afore-stated reasons.

Farm and field products.

The Italian Chamber of Commerce in New York, in connection with this group of Schedule G, asks that no increase be made in the present duties on the following articles:

240. Beans, 45 cents per bushel of 60 pounds, because this rate gives already a protection of 18 or 20 per cent to the domestic product.

249. Garlic, 1 cent per pound, this being already equivalent to an increase of over 36 per cent in the cost of such article, which does not compete with any product of the United States and is consumed only by people of foreign extraction.

On paragraph 241 this chamber pleads for the substitution of the ad valorem rate of 40 per cent on all vegetables, prepared or preserved, such as tomatoes, artichokes, and peppers in tins, tomato sauce and tomato paste, with a specific duty for the reasons previously stated, and pleads moreover for a lower rate based on the following:

1. Because in the case of preserved tomatoes the cost of production and selling price is much lower in this country than it is in Italy. In fact, this article is quoted as low as \$0.75 per dozen of 3-pounds tins f. o. b. at factory, Baltimore, Md., against an equivalent of \$0.86 for similar goods f. o. b. Naples; thus enjoying already a natural protection of about 23 per cent, to which must be added a duty protection of 40 per cent, making a total protection, both natural and fiscal, of 69.5 per cent. If we add freight charges to the figures above stated (freight from Naples to New York 10 cents, and from Baltimore to New York 5 cents), the cost of 1 dozen 3-pound tins of Naples tomatoes in New York will be \$1.30½ against \$0.75 for the Maryland tomatoes.

Other disadvantages in the case of the foreign article that tend to increase the protection to the domestic are the following: Freight is cheaper in the case of the domestic article on account of the possibility of making carload rates, which does not exist in the case of the imported article distributed in smaller lots; the chances of and losses from swelling are greater in the case of the imported than of the domestic article, owing to the change of climate and sea journey.

2. Because in the case of tomato sauce and likewise for artichokes and peppers in tins these articles are used exclusively by people of foreign extraction, are not produced in the United States, and therefore do not compete with any domestic product, thus eliminating any motive for protection, while for revenue a duty of 40 per cent ad valorem is decidedly too high, considering the low cost of such articles. Tomato sauce, for instance, sells from 2½ to 4½ cents per 7-ounce tin.

3. Because in the case of tomato paste, prices of tomatoes being cheaper in this country, the cost of the paste is consequently cheaper, and therefore there is no need of protection, there being already a natural protection in the cheaper cost of the goods.

4. Because both tomato sauce and tomato paste are tributary and helpful to the consumption of other articles, both imported and domestic, such as macaroni, and therefore their importation ought to be facilitated in the interests of producers, revenue, and consumers.

Should the present ad valorem rate of 40 per cent be changed to a specific duty by weight, the rate should be 1 cent per pound gross weight.

If this honorable committee does not see its way to grant the specific duty on canned vegetables, including tomato sauce and tomato paste, we particularly ask that the specific duty be granted on bulk goods.

Referring to paragraph 257, fixing a rate of 25 per cent ad valorem on vegetables in their natural state not specially provided for in the tariff applicable to lupini, which is an article scarcely worth at primary market $2\frac{1}{4}$ cents per pound, not produced in the United States, and consumed mostly by the poorer class of people, this chamber recommends a specific and lower duty of one-fourth of 1 cent per pound in lieu of the present ad valorem rate, which is too high for merchandise representing, as a rule, a low value.

Fish.

The same recommendation submitted in the case of other articles for a specific and lower duty in lieu of the 40 and 30 per cent rates ad valorem existing under paragraph 258 relating to fish packed in oil or otherwise, in bottles, jars, tin boxes, or cans, is made for such articles as anchovies, sardines, tunny fish, sardels, etc., as present rates for articles the market value of which in the countries of production is already high, viz: 175 lire per 100 kilos in the case of tunny fish, 125 in that of anchovies, and 60 lire in that of sardels, are excessive, find no justification as protective rates, no such fish being packed in the United States, while they only hinder consumption and are not as responsive to revenue as milder rates would be, by bringing the price of these commodities beyond the reach of the less fortunate classes of consumers.

The present specific duties on anchovies, sardines, etc., in oil, or otherwise prepared or preserved, of $1\frac{1}{2}$ cents per package on packages containing $7\frac{1}{2}$ cubic inches or less, and of $2\frac{1}{2}$ cents per package on packages containing more than $7\frac{1}{2}$ and not more than 21 cubic inches, and of 5 cents per package on packages containing more than 21 and not more than 33 cubic inches, and of 10 cents per package on packages containing more than 33 and no more than 70 cubic inches, which figures about 1 cent per pound, while all other size packages are taxed at 40 per cent ad valorem, which figures about 4 cents a pound, with no explanation on record that would justify such enormous difference of duty on the same article, show that a change is required out of equity, and this chamber proposes a specific duty of 2 cents a pound gross weight, instead of the 40 and 30 per cent ad valorem rates now obtaining.

If this committee does not see its way to grant said specific duty on canned fish preserved in oil, salt, or brine, we particularly ask that said specific duty be granted on bulk goods.

Fruits (other than citrus) and nuts.

The California production of nuts is far from sufficient for the needs of consumption, as demonstrated by statistics, which show a notable increase in the importation of almonds, walnuts, filberts, and chestnuts, foreign countries still supplying 55 per cent of the consumption. The present duties of 4 cents per pound on unshelled almonds (par. 269), of 3 cents per pound on filberts and walnuts (par. 270), and of 1 cent per pound on chestnuts (par. 272), equivalent to a protection of 30 to 35 per cent in favor of the domestic interests are therefore, in the opinion of the Italian Chamber of Commerce in New York, burdensome to consumers, causing them to pay for these commodities higher prices to the extent of the protection stated, which can not but unfavorably affect the consumers, as it will require many years before domestic production reaches a position adequate to the needs of consumption.

The duty on chestnuts, considering the alarming progress that the chestnut-bark disease is making in this country, which if it progresses at the present rate will destroy in a few years all chestnut trees in the United States, should be abolished, and this nut placed on the free list in order to enable the foreign supply to fill the deficiency in the American production caused by the disease in question, without consumers having to pay a too high price for this article.

The duties on the other kinds of nuts should at least not be increased.

The duty on figs of 2 cents per pound (par. 264), equal to an increase of about 40 per cent on the market value, should be reduced, as California is not yet in a position to supply the needs of consumption, her contribution in this direction being about 10,000,000 pounds, against 24,330,000 imported from abroad.

Likewise the present duty of 25 cents per gallon on olives, green or prepared in bottles, jars, or similar packages, and of 15 cents per gallon on the same product in casks (par. 264), representing an increase in the original cost of at least 75 per cent, should be reduced to 10 cents per gallon for such goods in casks, as comparatively small is the production of olives, nor can it ever amount to such proportion as to warrant a sacrifice on the part of consumers. In 1899 the total crop of olives in California amounted to 5,040,227 pounds, the number of trees reported to the Twelfth Census on June 1, 1900, being 1,530,164. Owing to the slow growth of the olive tree, it would require many years for new plantations to come into full bearing, and with the high cost of labor in California the olive industry can not be expected to develop to any notable extent, for the present at least, as cheap labor is required for the gathering of the fruit. In the meantime, at the present rate, consumers would have to pay a high protective duty, while there is practically little to protect.

Olive oil.

For the same reason this chamber enters a plea for the reduction of duties on edible olive oil, which, although not coming under this schedule nor paragraph, but under Schedule A, oils, paragraph 40, is considered a provision, and pays duty at the rate of 40 cents per gallon in casks and 50 cents per gallon in bottles, jars, tins, or similar packages.

Though it is known that California produces some olive oil, the amount made is yet very small (only 280,000 gallons in 1907), especially when considered in comparison with the needs of the consumption, which has been increasing notably of late years (from 736,000 gallons in fiscal year 1898 to 3,449,517 gallons in fiscal year 1907, of which 2,266,186 imported from Italy alone), in consequence of the great inflow of population from Mediterranean countries, for whom this condiment is as indispensable as butter is to the native American, and also on account of the spread of its use amongst the latter.

The price of California olive oil is so high (such fancy price as \$2.75 per gallon being demanded), owing to the very small quantity produced, that from a commercial standpoint to actual consumers of this article the production of California is practically as if it were nonexistent.

The day may come when California will be able to increase her production to more relevant size, and we hope it will, but it is reasonable to believe that the product obtained in California on a much larger scale than is produced to-day will unquestionably reduce the cost of production; and a duty at the rate of 30 cents per gallon on olive oil in bottles, jars, tins, or similar packages and of 20 cents per gallon on olive oil in bulk is more than enough leeway to protect domestic interests.

Except for revenue purposes, it seems to this chamber that it is futile to maintain such high duty as the present on an article as this, which is practically not produced in the United States, is a prime necessity to a large class of consumers, and the consumption of which, both as food and medicine, if favored with a lower tariff, as this chamber recommends, bids fair to grow to much larger proportions not only among people of foreign extraction but also among native Americans, which would amply compensate the revenue for any reduction of duty.

Therefore this chamber recommends that the duty on edible olive oil be reduced to 30 cents per gallon on olive oil in bottles, jars, tins, or similar packages, and to 20 cents per gallon on olive oil in bulk, including tins from 5 gallons up.

This chamber recommends further that olive oil imported into this country for manufacturing or industrial purposes, and as such admitted free of duty, be denatured before being allowed free entry.

Meat products.

The Italian Chamber of Commerce in New York notes that the duty of 5 cents per pound on hams (paragraph 273), equal to a protection of about 25 per cent, and the duty of 25 per cent ad valorem on prepared or preserved meats of all kinds, in a country like this, where pork is produced much cheaper than abroad, as shown by the enormous export trade of such article, is not only superfluous, but hindering what little demand there is for imported hams, which are occasionally patronized by consumers of foreign extraction, more on account of the special way in which they have been cured and flavor developed than to any such extent as to lead to the idea of competition with the domestic product. Prices themselves prove that there

is not the slightest possibility of competition between the foreign and domestic article.

While Chicago ham sells on this market around 18 cents per pound, the cheapest imported sells for 27 cents and the best imported for 35, so that the duty of 5 cents is simply a tax placed on the consumer. This chamber, in regard to the rate of 25 per cent ad valorem on prepared or preserved meats of other kinds, reiterates here the recommendation made elsewhere for a specific instead of an ad valorem duty.

In conclusion, the Italian Chamber of Commerce in New York hopes to have demonstrated, with the foregoing recommendations, to the satisfaction of this honorable committee the advisability:

First. Of substituting to the ad valorem rates under Schedule G specific duties, better responsive to the interests of revenue, import trade, and consumption.

Second. Of abolishing, in case ad valorem rates are maintained, the present system of additional duties or penalties for undervaluation, and only the regular duty to be paid on the reassessed valuation of the goods.

Third. Of reducing the duties on such products as are not or can not be produced in the United States through the absence of economic factors which can not be remedied with the tariff, or on such products as are not produced in the United States in sufficient quantity or of the quality required by consumers, so as to encourage not only their consumption, but also that of correlated articles, both domestic and foreign, and thus benefit consumers, to the advantage of revenue and domestic industry.

Respectfully submitted.

E. MARIANI,

For the Italian Chamber of Commerce in New York.

CHINESE FOOD PRODUCTS.

THE SAN FRANCISCO CHINESE CHAMBER OF COMMERCE ASKS REDUCTION OF DUTY ON CERTAIN FOOD PRODUCTS, FIRE- CRACKERS, AND CHINESE TYPE.

SAN FRANCISCO, CAL., *December 16, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: For many years the Chinese importers of the Pacific coast have paid whatever duty has been levied on their importations without understanding the method of legislation by which the rates were arrived at, and this is the first time that a petition has been filed asking for a reduction.

The San Francisco Chinese Chamber of Commerce, representing the Chinese population of the Pacific coast, understanding from newspaper reports that information and suggestions are desired by your committee in formulating a new tariff bill to be submitted to Congress, would respectfully submit the following suggestions, covering articles in which the Chinese are particularly concerned.

CHINESE SOY.

This article is now being assessed for duty under paragraph 241 at 40 per cent as a sauce. (T. D. 11202, G. A. 561.) If this article could be specifically provided for in the tariff at the rate of 20 per cent, we believe sufficient revenue would be derived from the increased importations to equal the amount now being collected.

Chinese soy is manufactured from the soy bean (grown only in China), salt, and water, the Chinese water and atmosphere tending to produce the flavor which pleases. On account of the difference between the water and climate in this country and in China, the soy can not be produced in the United States satisfactorily.

No race of people other than the Chinese use soy, and it does not come in competition with or resemble any product produced in this country.

RICE.

Cleaned rice is now being assessed at the rate of 2 cents per pound under paragraph 232.

We believe a reduction of one-half cent per pound should be made on this article. The custom-house statistics show the foreign value, and to what percentage of duty 2 cents per pound is equal. This will prove when comparisons are made with the value of American rice that $1\frac{1}{2}$ cents per pound would be ample protection to the rice producers of this country.

Rice is the standard article of food of Chinese, and it is essential to them to use rice from China, which contains qualities not in the American rice. For centuries they have received their main nourishment from rice, and have become accustomed to consuming the rice of their own country.

FIRECRACKERS.

The duty now being assessed on firecrackers is 8 cents per pound, gross weight of the package, under paragraph 420. We do not object to paying the duty, but we believe duty should be assessed only on the firecrackers, as 8 cents per pound is an excessive duty on waste material.

Chinese firecrackers are made in Canton, China; the powder is specially prepared, and each firecracker is made by hand; if small firecrackers were manufactured in this country, they would prove too expensive to put to the use they now are. We acknowledge the duty on small firecrackers is for revenue, as there is no industry to oppose it; even American fireworks factories import their small firecrackers from China.

If the duty is reduced on firecrackers, it will greatly increase importations and the revenue, as the demand would be greater if the firecrackers were less expensive.

The large firecrackers can be produced in this country, and even these, with a duty of 8 cents net per pound against the imported, can be sold cheaper than the Chinese, but on account of their appearance some persons prefer the imported.

VEGETABLES.

It is the consensus of opinion among the Chinese that a specific rate of duty on vegetables will prove unjust, as the prices vary to such a great extent that the high-priced vegetables will pay a low rate, while the low-priced vegetables will pay a high rate; but the present rate of 40 per cent on prepared vegetables, under paragraph 241, is excessive, as, in nearly every instance, the imported vegetables are of the kind not grown in the United States.

FISH.

We believe that canned fish not specially provided for in the present tariff should pay a specific rate of duty, as the value does not fluctuate to a great extent. The present rate, if reduced, would result in more revenue for the Government and would do away with the trouble as to arriving at a market price.

MEAT.

Certain prepared meat products are imported from China, for the reason that it is impossible to obtain a similar variety in this country. As the United States can produce cheaper meat products than any other country, it is not from the point of economy that meat products are imported, but to obtain an article which can not be had in this country, and for that reason we believe a material reduction should be made which will encourage importation and increased consumption.

TYPE.

Chinese type, of foreign characters, which is now assessed for duty at the rate of 25 per cent under paragraph 190, should be free of duty, as it is impossible to manufacture the type in the United States, and if the duty was removed it would encourage the importation, which would result in more books being published in the Chinese language. At the present time four daily Chinese newspapers are being published in San Francisco, which publications have to send to China for a supply of type when it is needed. As there are a great quantity of characters in the Chinese language it is quite expensive to have a larger stock on hand than required, as the 25 per cent duty of course must be paid on what type is being held for emergency.

Hereinafter mentioned will be found a list of articles now being heavily taxed, and upon which we believe the duty should be reduced, but, as the importations from other countries are so much heavier than from China, we do not believe we are in a position to specifically point out the reason for reduction, as the conditions are so different. For example, wearing apparel; but few Chinese tailors come to the United States, and although the styles do not change like the American styles, a better garment in appearance can be made in China than by Chinese in the United States.

The medicinal preparations can only be had in China where they are prepared; consequently, it is necessary for us to send to that country for our medicines.

The sauces are manufactured from raw material, the product only of China; it is impossible to manufacture a sauce in the United States like the imported, on account of the water and climate.

	Tariff.	Rate.
Wool wearing apparel.....	Paragraph 370.	44 cents a pound and 60 per cent.
Silk wearing apparel.....	Paragraph 390.	60 per cent.
Decorated earthenware.....	Paragraph 95.	60 per cent.
Sauces.....	Paragraph 241.	40 per cent.
Medicinal preparations, nonalcoholic.....	Paragraph 68.	25 per cent.

Very respectfully,

SAN FRANCISCO CHINESE
CHAMBER OF COMMERCE,
TANG MINT, *President.*

JAPANESE FOOD PRODUCTS.

JAPANESE ASSOCIATION OF AMERICA WRITES RELATIVE TO FOOD PRODUCTS, NURSERY STOCK, AND EARTHENWARE.

SAN FRANCISCO, CAL., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Japanese Association of America, which represents the Japanese importers, exporters, and consumers of the United States, would respectfully call your attention to the following facts taken from the last yearly statistical return published by the United States Department of Commerce and Labor:

Total imports, San Francisco.....	\$54,094,570
1. Japan.....	\$19,540,434
2. China.....	8,279,614
3. England.....	2,883,643
Total exports, San Francisco.....	\$33,026,624
1. Japan.....	\$10,580,746
2. England.....	4,058,983
3. China.....	3,802,006
Total imports, Puget Sound.....	\$25,353,373
1. Japan.....	\$14,646,202
2. British Columbia.....	5,762,308
3. China.....	1,106,536
Total exports, Puget Sound.....	\$43,659,308
1. Japan.....	\$14,137,032
2. China and Hongkong.....	10,979,284
3. British Columbia.....	5,517,372
Total imports, Hawaii.....	\$4,141,709
1. Japan.....	\$1,557,441
2. India.....	658,244
3. Germany.....	348,667
Total exports, Hawaii.....	\$229,914
1. Japan.....	\$148,674
2. England.....	44,145
3. British Columbia.....	14,369

From the above it will be seen that as far as the Pacific coast is concerned Japan leads in the amount of foreign business transacted with the United States.

It has been the aim of the association to foster commerce between the two countries, as well as to interest themselves in behalf of the Japanese residents of the United States, as the association believes

that the projective new tariff will materially concern the Japanese importers as well as consumers, and, as it is understood that your committee are receiving suggestions from different commercial bodies, the Japanese residents of the United States, through this association, suggest the following changes in the customs tariff:

Miso, which is now being assessed at 40 per cent as a prepared vegetable (see T. D. 26938, G. A. 6244), should be especially provided for under its specific name in the free list. The reason for this is that miso is a staple article of food with the Japanese, and, after importation into the United States, is consumed only by Japanese. It is manufactured from beans, broken rice, and salt and water. After cooking it is mashed. It takes from two to three months to manufacture the article, and it is impossible to make it in the United States by reason of the water and the climatic conditions in this country not being favorable for the peculiar flavor in the article. A number of Japanese have imported the raw material from Japan and experimented in the preparation of the article in this country, but invariably without success. As it does not come in competition with any manufactured article, and as it is impossible to manufacture it out of either American beans, American broken rice, or the water of this country, and as the article is relied upon by the Japanese as a staple article of food, and as it is a necessity to them, we believe it should be free of duty.

Shoyu, now being assessed at 40 per cent as a sauce under paragraph 241, should be especially provided for in the free list. This article is brewed from wheat, beans, and water. It is manufactured very similar to the Japanese beverage known as sake, but contains no alcoholic strength, and, after several experiments in this country, it has been found impossible to produce shoyu with the peculiar flavor the Japanese are used to. It is partaken of in a manner somewhat similar to the manner of using sauce by Americans, but it is never used by others than the Japanese.

Miso and shoyu enter into the daily meals of nearly all Japanese, who are also very fond of American dishes. Although a variety of Japanese foodstuffs are imported from Japan, miso and shoyu are the most staple; the other foods are delicacies, and no objection is made to paying the duty on these, but the duty on miso and shoyu is one for revenue only, and there are no industries to be protected and no class of people should object to the reduction, as it concerns the Japanese alone.

Nursery or greenhouse stock, now being assessed 25 per cent ad valorem under paragraph 252. We would suggest an amendment to both paragraphs 251 and 252, to the effect that all shrubs, plants, and vines, commonly known as nursery or greenhouse stock, less than two years old, be free of duty.

Our reason for this is as follows: Most of the nursery stock imported into the Pacific coast consist of camellia plants, westlia vines, azalea plants, sago palms, bamboo plants, bavalia fern balls, aspidistra roots, rapsis palms, and peonie roots.

A camellia plant must be in the foreign ground at least one year before it is of sufficient strength to be imported successfully, and then after importation must again be placed in the ground and have expert care for two years before it is commercially valuable and can be retailed.

The westlia vines must be in the foreign ground at least one year before they are of sufficient strength to be imported successfully, and after importation they must again be placed in the ground and have expert care for two or three years.

The azalea plants must be in the foreign ground about one year and after importation must again be placed in the ground and have expert care for another year.

The sago palms must be in the foreign ground from one to five years before they are of sufficient strength to be imported successfully, and then after importation must again be placed in the ground one year and have expert care.

Bamboo plants must be in the foreign ground one year before they are of sufficient strength to be imported successfully, and then after importation must again be placed in the ground and have expert care for one year.

Bavalia fern balls must be in the foreign ground at least one year before they are of sufficient strength to be imported successfully, and then after importation must again be placed in the ground and have expert care for six months.

Aspidistra roots must be in the foreign ground one year before they are of sufficient strength to be imported successfully, and then after importation must again be placed in the ground and have expert care for two years.

The rapis palms must be in the foreign ground from one to three years before they are of sufficient strength to be imported successfully, and then after importation must again be placed in the ground and have expert care for from two to three years.

The peonie roots must be in the foreign ground for one year before they are of sufficient strength to be imported successfully, and then after importation must again be placed in the ground and have expert care for two years.

From the above description it will be readily seen that nursery stock less than two years old on importation will need considerable labor on it in this country before the stock will be ready for the market.

As a rule it does not prove profitable to import young plants from a foreign country when they can be grown from cuttings in the United States, but the above-named plants can not be grown in the United States from seeds or cuttings, and the amount of labor devoted to the plants when in the foreign ground is necessary to prepare them for shipment so that the stock can again be planted and thrive. The above-named plants do not come in competition with plants grown from seeds or cuttings in the United States, as they are of an entirely different variety, and are plants only grown in Japan.

The largest importers of nursery stock on the Pacific coast are Domoto Brothers, of Fruitvale, Cal., who are owners, also, of one of the largest nurseries in the West, but as it is impossible for them to produce many of the plants in this country they are forced to import the young plants and mature them in the United States.

If young nursery stock could be imported free of duty it would lead to a large industry on the Pacific coast, as a number of Americans and Japanese would engage in the industry, while at the present time there is no inducement to do business in the nursery line where one needs many foreign plants, both on account of the duty and the

trouble with the customs as to valuation. Under the present system it is impossible to abandon duty paid goods unless it is done within ten days after entry. An enormous quantity of nursery stock is duty paid, and it is long after the time of abandonment has expired before it is known whether the merchandise is worthless or not. So an importer is not only out of the original cost of the plants, but the freight, expenses, and customs duty. If, in the judgment of the committee, the suggestion in regard to all nursery stock is too broad, the above plants should be specifically named in the free list with the age proviso.

In paragraph 252 of the present tariff act, certain stocks, cuttings, or seedlings are specially described by age, and there is no reason why the age limit should not govern with nursery stock. If the suggested clause is adopted by the committee and passed by Congress in the new tariff act, it will greatly tend to beautify the homes and gardens of people in moderate circumstances, who, at the present time, find it too expensive to have the better class of plants in their gardens. There is no clause that could be incorporated in the act which would further promote the development of horticulture than the free entry of young shrubs, plants, and vines, commonly known as nursery or greenhouse stock, which will have to be matured by nurserymen before they can be sold to the public.

Rice.—Paragraph 232 provides for a duty of $1\frac{1}{4}$ cents per pound on uncleaned rice, or rice free of the outer hull and still having the inner cuticle on. We would respectfully suggest a duty of one-fourth of 1 cent per pound on this class of rice, for the reason that Texas cleaned rice is now selling in this market at \$3.75 and \$4, according to grade, per 100 pounds f. o. b. San Francisco, deducting 55 cents for freight, is equal to \$3.20 f. o. b. Texas. Japanese rice is selling at \$5.75 per 100 pounds f. o. b. San Francisco, so there is no longer any necessity of levying a heavy protective duty on uncleaned rice. On account of the Japanese consuming 80 per cent of the importations of this rice, and because of their having become accustomed to the special qualities which are contained in the Japanese rice, is the main reason why they prefer to pay the higher price for the rice.

At the present time the price of uncleaned rice in Japan is \$2.75 per 100 pounds, freight to San Francisco 25 cents, the duty \$1.25, cost of milling 35 cents, making a total of \$4.60. In the cleaning of the rice there is a loss of 12 per cent. The cost price, therefore, after cleaning is \$5.35 per 100 pounds and the retail price \$5.75 per 100 pounds f. o. b. San Francisco.

When the rate of duty was raised from three-fourths of 1 cent per pound under the Wilson bill to $1\frac{1}{4}$ cents per pound under the Dingley bill, it was done so mainly on the strength of arguments of southern rice planters, committees representing southern mill owners, and gentlemen interested in the domestic rice business. The main argument used (see pp. 848 to 863, tariff hearings before Committee on Ways and Means, published in the Government Printing Office, Washington, 1897) was to the effect that they had to compete with cheap foreign labor. As the present prices show, even if the duty was deducted, that the domestic article could undersell the foreign, we fail to see where the argument which may have been justifiable in 1897 can hold good at the present time.

The production of rice within the United States has increased to such enormous proportions that it is no longer a question of price

but of quality, and if a certain rice of superior quality can be imported, although it may be more expensive than the domestic article, there is no reason why a heavy duty should be assessed upon it, except for the purpose of collecting revenue. We are not claiming a reduction from the present rate of 2 cents per pound on cleaned rice, but a reduction on uncleaned rice, which, after importation, goes through a process of manufacture before it is ready for use. The $1\frac{1}{4}$ cents duty is equal to about a 45 per cent duty on the uncleaned rice, which is a raw material. The completing labor is all done in the United States. At the present time there are nine mills engaged in cleaning rice on the Pacific coast.

We would also call your attention to the heavy rate of freight on staple products between the Pacific, Atlantic, and Gulf coasts. It must be taken into consideration that merchandise brought to this coast from either the Atlantic or the Gulf is subject to a heavy rate of freight, and if a reduction was made on uncleaned rice it will not affect any portion of the United States other than the Pacific coast, as it is impossible for Japanese uncleaned rice to be imported cleaned in this country and then to enter into competition with rice produced in the United States, as the freight rate alone will exclude it on account of the high price which it will then cost if any attempt is made to deliver east of the Rocky Mountains. You will readily perceive that some allowance should be made us out West on account of the heavy handicap we are under regarding freight rates.

Vegetables.—Vegetables, which are being assessed at 25 per cent under paragraph 257 and 40 per cent under paragraph 241. We believe that such vegetables that are not grown in the United States should be free of duty. This provision in the law could be made feasible by the Department of Agriculture furnishing the collector of customs a list of such vegetables as are the product of the United States.

Earthenware.—In conclusion, we would suggest a reduction of duty on decorated earthenware, which is now being assessed at 60 per cent under paragraph 95. We believe that a duty of 45 per cent and a proviso that no duty should be assessed on packing charges would increase the importations to such an extent that the amount of revenue would not be decreased, and at the same time would furnish sufficient protection to American manufacturers.

Very respectfully,

JAPANESE ASSOCIATION OF AMERICA,
K. MSHIJIMA, *President*.
T. KUMA, *Secretary*.

FOOD PRODUCTS AND BOOKS.

CAMBRIDGE, MASS., *December 22, 1908.*

Hon. S. E. PAYNE,

Chairman of Committee Ways and Means.

DEAR SIR: Would it not be possible in a revision of the tariff to reduce or abolish the duty upon such necessities of life as apples, butter, potatoes, and eggs, which are found upon the table alike of rich and poor? In my own realm I would especially urge the repeal

of the duty on books printed in England. As an author I do not fear competition and as a purchaser of books I would welcome such a boon to the cause of learning.

Yours, truly,

BENJAMIN RAND,
Librarian Harvard University.

BOULGOUR.

[Section 6.]

**MANUFACTURERS OF THIS PREPARATION OF WHEAT ASK THAT
IT HAVE SAME DUTY AS PEARLED BARLEY.**

BOSTON, *December 18, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: In connection with the proposed revision of the present tariff law, permit us to call to the attention of your committee an industry which must be conceded to be still in its infancy, and which we respectfully suggest might reasonably be granted more protection than it now has. We refer to the manufacture of a preparation of wheat known as "boulgour," which is beginning to be used quite extensively by former residents of Turkey, Armenia, and Syria now residing in this country.

There are at the present time four concerns manufacturing "boulgour" in the United States, three being here in Massachusetts and one in California. These concerns use in the neighborhood of 600 bushels of wheat per week, their total sales of the manufactured product being about 1,500,000 pounds per year.

None of these factories have been long established, and they are in competition with the importers of the same article, who bring to this country about 700,000 pounds a year, practically all of which comes from Damascus, through the port of Beirut.

"Boulgour" is made by first boiling the wheat, then drying it, after which it is hulled and ground, the processes of manufacture being practically the same both in this country and abroad.

"Boulgour" now pays a duty of 20 per cent ad valorem as a non-enumerated manufactured article under section 6 of the act of 1897. We respectfully suggest that the same duty imposed under paragraph 225 on barley, hulled, patent or pearled, viz, 2 cents per pound might fairly be collected here, as the two productions are very similar.

Very respectfully,

MASSIS GROCERY Co.,
14 Hudson Street, Boston, Mass.
WORCESTER BUGLUR Co.,
128 Exchange Street, Worcester, Mass.
ORIENTAL BUGLOOR Co.,
42 Washington Street, Worcester.

BARLEY.

[Paragraph 223.]

STATEMENT MADE BY CHARLES L. FELDMAN, OF BUFFALO, N. Y.,
IN ADVOCACY OF DUTY-FREE BARLEY.FRIDAY, *December 4, 1908.*

MR. FELDMAN. Mr. Chairman and gentlemen of the committee: I appear here on behalf of the Maltsters Association, of Buffalo, to present to the committee a request for the removal of the duty on barley. The present duty is 30 cents per bushel, which is a prohibitive duty, and was imposed under the present law. Under the law of 1890 it was made 30 cents a bushel, and later, in 1894, it was made a 30 per cent ad valorem duty, and under the present law again it was made 30 cents per bushel.

Prior to enactment of the rate of 30 cents per bushel, along the border of our country and Canada a large number of malting industries were organized and put into existence, and there was a large investment. Owing to this duty the Canadian product does not enter our country, resulting in the destruction of nearly all of the malting industries in New York and the East, with the possible exception of one or two places.

Now, we contend in our brief, which is filed here, that the removal of this duty will not lessen the price to the American farmer. In the first place, we find the fact to be that the Canadian farmer to-day receives practically the same price for his barley that the American farmer does. The difficulty under which my clients labor is substantially this: Gradually a system of elevators, so-called "country elevators," has been inaugurated in the West, where the American barley is grown, and it has resulted in speculation, and is controlled by the elevators. They buy their barley and put it on the market at such prices as they see fit to impose. Last year the records show that the farmer received, on an average, 66 cents per bushel, whereas the market price of the article ran as high as \$1.15 to \$1.18 per bushel, and it was a fluctuating price during the year, so that the maltster who is obliged to buy barley and keep it in the malt house has sustained serious loss, inasmuch as he was obliged to buy when the price of barley was up, and when he came to put his product on the market the brewer naturally would wait until the price was down. We have come to the conclusion—that is, my clients have come to the conclusion, and they want the committee to take this view of it if possible—that the importation of Canadian barley will tend to regulate the price of barley; and in view of the fact that the Canadian farmer now has a satisfactory market, it will not result in putting the product in the American market at a lower price than the American farmer now receives; but it will have a tendency to regulate the price on a fair basis, and will tend to regulate the business in such a way that we can go on with our business in a safe and practical manner.

I will not take up the time of the committee by reading a lot of figures. We have set forth our statement, and quite fully, and I ask the consideration of the committee to this subject and the reasons

set forth for our request. It is really a very important matter to my clients, and I earnestly hope that the committee may see its way clear to grant our request.

The CHAIRMAN. The duty on barley was 10 cents per bushel up to 1890, when it was increased to 30 cents. Under the 10-cent per bushel duty the importations were eleven or twelve million bushels. It was in that neighborhood for several years. Since the 30-cent duty, it has been decreasing so that the importations have practically ceased. The Canadians have stopped raising barley, and have gone into some other business.

Mr. FELDMAN. To some extent that is so.

The CHAIRMAN. Then barley was imported, and malted in Oswego, Rochester, and Buffalo, was it not?

Mr. FELDMAN. Yes, Syracuse and Albany also. There is another fact that I want to add, and that is this, that the western maltsters, of course, being nearer the source of supply, have a great advantage over the eastern maltsters. When the freight rates are added it makes an appreciable difference to the eastern people.

The CHAIRMAN. The New York barley, while the Canadian barley was imported, commanded a good price, and was mixed with Canadian barley for malt?

Mr. FELDMAN. Yes, and it is also a fact that the New York farmer has lost his market for barley. There is not any New York barley on the market at the present time.

The CHAIRMAN. So that the New York farmers have not produced much barley?

Mr. FELDMAN. No, sir.

The CHAIRMAN. And the barley produced now is generally in the Western States?

Mr. FELDMAN. Yes, sir; in a limited section of the West.

Mr. GAINES. Was it necessary to mix New York barley with the Canadian barley?

Mr. FELDMAN. There was no necessity for it excepting that it seemed to produce a malt that was satisfactory to the brewers. It produced a high grade of malt. It is claimed that Canadian and also New York State barley makes a better quality of beer. That is the claim made by some of the leading export brewers in this country.

The CHAIRMAN. That was largely because it was light colored, was it not?

Mr. FELDMAN. It seems to have a lighter color, and also produces a better flavor, so I am advised by my people.

Mr. BOUTELL. With whom did the movement to increase the duty 200 per cent in the McKinley bill originate?

Mr. FELDMAN. I do not know, excepting, as I understand it, it was due to the western representation that the American farmer needed this protection.

Mr. BOUTELL. Which is the greatest barley-producing State now in the United States?

Mr. FELDMAN. Barley is principally produced in Iowa, Wisconsin, and North and South Dakota. I could not tell you which State produces the largest quantity, but it is up in that section.

Mr. CLARK. Did this tariff on barley shut up the breweries along the Canadian border?

Mr. FELDMAN. The malt houses, yes, sir; but not the breweries. It destroyed the malt industry entirely in Oswego and in other sections along the northern frontier.

Mr. CLARK. Do brewers make their own malt or do they buy it already made?

Mr. FELDMAN. They buy it made, largely.

Mr. CLARK. You say the freight rates shut your people out. The freight rates from Dakota and Iowa to Buffalo would not be much more than the freight rates to St. Louis, would they?

Mr. FELDMAN. Not in the season of navigation, but in the winter season when we buy most of our barley, they are higher.

Mr. CLARK. Why don't you buy it when the Lakes are open?

Mr. FELDMAN. You have to buy it when it is on the market.

Mr. CLARK. That is the very time it is on the market, is it not? Do you know what time they harvest barley?

Mr. FELDMAN. I can not answer that question excepting to say that I have been advised by my clients that they buy barley mostly in the winter season.

Mr. CLARK. What is the reason they do not buy it just after harvesting and ship it by cheap freight?

Mr. FELDMAN. Perhaps one reason is because they were raising the price to \$1.15.

Mr. CLARK. But they have to have it if they were going to continue in business.

Mr. FELDMAN. They bought it when they had to have it, and when they had it the price went down, and they had their malt and could not sell it to advantage. That is where they sustained their losses.

Mr. CRUMPACKER. Do we export barley?

Mr. FELDMAN. To some extent; yes.

Mr. CLARK. Would it stop the demand for malt if people quit drinking?

Mr. FELDMAN. Not necessarily. I assume that the brewer buys Canadian malt when he can get it to the best advantage.

Mr. CLARK. I was not opposing this proposition of yours, nor advocating it, but was trying to find out the curious fact as to why it put your men out of business. There isn't anything in all the malt in the Mississippi Valley outside of the brewing interest.

Mr. FELDMAN. Of course, speaking as a representative of these interests, I can only state what I am advised. I have not the detailed information.

Mr. CLARK. You do not know whether these various temperance people and prohibitionists over the country have stopped the consumption of beer to any considerable extent or not; you are not familiar with that branch of it?

Mr. FELDMAN. I don't know, but I understood generally that it did not, at least in our section of the country.

Mr. CLARK. That is why I wanted to know what stopped this demand for malt.

Mr. FELDMAN. I did not say that the demand ceased. I simply say that the American maltster, the eastern maltster, the maltster we represent, has been obliged to pay abnormally high prices, and that the market fluctuates. The maltster has got to hold his production for some time, and while he is holding his barley in the malting establishment and malting it the prices go down.

Mr. CLARK. He has got to take the ordinary chances of trade, hasn't he, the same as other people?

Mr. FELDMAN. He ought to take the ordinary chances, but he ought not be obliged to take the chances of speculation which has been indulged in by the western elevators.

Mr. CLARK. I might go and buy 100,000 bushels of actual corn, not speculative corn at all, but actual corn, and pay 64 cents a bushel for it—I think that is about the price in Chicago—and store it; and then corn might take a tumble down to 24 cents, and I would be just that much in a hole.

Mr. FELDMAN. That is true.

Mr. CLARK. And then again it might go up 10 cents, or it might go up 24 cents, and I might make some money. How is this law going to affect that up-and-down tendency?

Mr. FELDMAN. We think that the importation of Canadian barley will tend to regulate the price; that is our judgment. We also think that it will certainly prevent speculation in that product.

Mr. CLARK. Your idea now really is that these people out in Dakota and other States hold their barley at too high prices in the elevators, and that that price will have to come down if the Canadian barley comes in?

Mr. FELDMAN. We think it will put it on a fair basis.

Mr. CLARK. But that is the whole philosophy of this proposition, is it not?

Mr. FELDMAN. Yes, sir.

Mr. DALZELL. What are you asking for?

Mr. FELDMAN. We are asking to have the duty removed.

Mr. DALZELL. Put on the free list?

Mr. FELDMAN. Yes, sir.

Mr. CRUMPACKER. How much barley, what per cent, do we export?

Mr. FELDMAN. I can not answer that question.

Mr. CRUMPACKER. The price in this country would be fixed, if we export any considerable amount, by the price abroad, less the cost of the shipment?

Mr. FELDMAN. I assume that must be so.

Mr. HILL. We exported last year 8,200,000 bushels and imported only 11,000 bushels.

Mr. CRUMPACKER. The Canadian price would be fixed by the same law?

Mr. FELDMAN. Supply and demand, of course.

Mr. CRUMPACKER. So that the price of the American barley and Canadian barley ought to be substantially the same?

Mr. FELDMAN. I suppose it is regulated, of course, by supply and demand.

Mr. CRUMPACKER. I understand your difficulty to be that the western malsters of this country, being nearer the location where barley is grown, have an advantage over your people?

Mr. FELDMAN. They naturally have, being near the base of supply.

Mr. CRUMPACKER. And you feel that there ought to be such a change in the tariff law as to put your malsters on an equality with the western malsters?

Mr. FELDMAN. Yes, sir. We feel that giving us an opportunity of getting the material nearby would place us on an equality with the western maltsters, and that it will not result in any injury to the

western farmer, inasmuch as the Canadian farmer receives as much for his product to-day, and has for some time past, as the American farmer.

Mr. CRUMPACKER. If the duty were abolished, of course, you would procure your barley almost entirely from Canada?

Mr. FELDMAN. Well, that would, of course, depend on the amount raised in Canada.

Mr. CRUMPACKER. Canada exports a good deal of barley?

Mr. FELDMAN. Yes; I do not know what quantity, but it does export some; considerable, probably. Of course, there is the further fact that the territory in which barley is raised in Canada is limited.

Mr. RANDELL. I understand you to say that if this tariff is taken off it will not decrease the price to the American producer?

Mr. FELDMAN. That is our contention.

Mr. RANDELL. Then do you mean to say that a 30-cent tariff on barley does not make a higher price to the barley raiser in this country?

Mr. FELDMAN. The records show that the American farmers receive less for their barley to-day than under the lower tariff.

Mr. RANDELL. That is, so far as the producer is concerned, in your opinion, he is not benefited by this tariff?

Mr. FELDMAN. That is our information; yes, sir.

Mr. RANDELL. Is enough barley raised in this country to supply the demand, or do we need importations?

Mr. FELDMAN. There is sufficient raised to supply the demand without any doubt. There is more than enough raised to supply the demand for malting purposes.

The CHAIRMAN. The importations were only 11,000 bushels last year.

Mr. RANDELL. The exportations are about 8,000,000 bushels, and the importations only about 11,000 bushels.

Mr. FELDMAN. If the committee will allow me, I would like to introduce Mr. Burns, who is a practical maltster. He will take my place and answer any questions, and I would consider it a favor if you will hear him.

STATEMENT OF HENRY V. BURNS, OF BUFFALO, N. Y., WHO THINKS DUTY SHOULD BE REMOVED FROM BARLEY.

FRIDAY, *December 4, 1908.*

Mr. BURNS. I would like to reply to one question that a gentleman asked a minute ago as to why we do not buy our barley at the time of the harvest. The malt business is a continual business, and the best results are obtained in the winter time. We depend upon a temperature of 64° to 65°, and at that time we get the best results; consequently there is very little or no malting done in the summer months.

Mr. GAINES. Can you not buy barley and store it until winter?

Mr. BURNS. The crop is not put on the market until September and October, and then we begin buying it.

Mr. GAINES. Mr. Clark's question was—I see he has stepped out—why they did not buy their barley when the lake navigation was open, that question being based upon the idea as to whether it was

not cheaper for them to utilize that time of year, especially as the freight rates were not as low to your place as to St. Louis.

Mr. BURNS. The crops are harvested in September, and we commence buying then. Of course during June, July, August, and September very little malting is being done.

Mr. CRUMPACKER. Does your business suffer from speculation and fluctuation?

Mr. BURNS. To this effect: As has been intimated, there is a network of elevators in the Northwest, and these elevators of course buy the grain and hold it until they see fit to sell it.

Mr. CRUMPACKER. Do you hedge on the board of trade against barley purchases?

Mr. BURNS. We can not do that.

Mr. CRUMPACKER. If you buy a large shipment of barley you do not sell an equal amount on the board of trade so as to protect yourselves?

Mr. BURNS. We can not do that. Our product is sold against government statistics. Every month the Government issues its monthly report, and our customers, the consumer, seeing that statement, bases his price on the probable crop.

Mr. COCKRAN. Do you produce barley?

Mr. BURNS. No, sir; I am a maltster.

Mr. COCKRAN. You say that your customer is the consumer?

Mr. BURNS. Our customer is the brewer.

Mr. COCKRAN. Oh, I see; but the ultimate consumer is the one who drinks the beer, and he is further along?

Mr. BURNS. Yes, sir. Now, there is one more question that I wanted to answer. The Canadian barley is going to be a moderator.

Mr. RANDELL. What do you think of the proposition of the brewers to put barley malt on the free list?

Mr. BURNS. That is a question that I would not want to answer.

Mr. RANDELL. Why?

Mr. BURNS. Well, it is a manufactured article, and we are here—

Mr. RANDELL. Why don't you want to answer, though?

Mr. BURNS. If you ask me from the point of the brewer, I will say that I am not a brewer.

Mr. RANDELL. But what do you think about the proposition to put barley malt on the free list?

Mr. BURNS. I do not think it would be a good suggestion because it is a manufactured article.

Mr. RANDELL. That is their raw material, isn't it?

Mr. BURNS. But as a matter of fact I can see no objection, or any advantage. The only advantage would be it would probably send a large number of our maltsters over to the source of supply of the best barley that grows.

Mr. RANDELL. Would it not have the effect, as you have more barley than is necessary to make malt in this country, of equalizing the market?

Mr. BURNS. No, I do not think so, because the Canadian farmer is receiving just as much for his barley now as the American farmer.

Mr. RANDELL. Is it not about this way, that every one who has a tariff on an article that he produces wants to keep that tariff and take it off of everything else?

Mr. BURNS. If the barley was cheaper in Canada I imagine there would be an advantage, but as a matter of fact the barley that he raises has just as good a market as the American farmer.

Mr. GRIGGS. The gentleman who preceded you stated, in answer to a question by Mr. Dalzell, that you want free barley?

Mr. BURNS. Yes, sir; we do.

Mr. GRIGGS. And you say now that there would be no advantage in free barley?

Mr. BURNS. I will tell you why we want free barley. The normal price of barley for the past ten or twenty years has been 53 cents per bushel. You must bear in mind that barley is our raw material. Last year this same barley reached the high figure of \$1.15 per bushel. That price was reached in the face of a crop of 178,000,000 bushels, one of the largest crops we have had since 1866. Now, the gentleman who preceded me said that Iowa, Minnesota, and the Dakotas are the principal barley-growing States. As a matter of fact, California is the largest growing State we have in the United States, and produces about 38,000,000 bushels. When this price got to \$1 this fact about California had been overlooked. California shipped 6,000,000 bushels into our market, and, strange to say, that 6,000,000 bushels just regulated the crop, for they did not know how many bushels there were back—

Mr. COCKRAN. How do you mean "regulated" it?

Mr. BURNS. I mean to say that when these 6,000,000 bushels come in from California, knowing that there was probably many millions of bushels back there, and not knowing how many millions would come forward, the price declined.

Mr. COCKRAN. It kept the price down; that is what you mean?

Mr. BURNS. Yes, sir; and on that same crop the price, from \$1.15 per bushel, was reduced below 53 cents a bushel. Now, I ask you, how can manufacturers on a possible profit of from 5 to 3 cents a bushel do business on a fluctuation in one crop of their raw material from \$1.15 down to 53 cents, and that in the face of the largest crop this country ever produced? We say that if this 6,000,000 bushels from California, with the excessive freight rate from that State, would help regulate the market of 178,000,000 bushels, what a moderator Canada would be with her 10,000,000 bushels lying within twelve hours' reach. That is our argument, and we simply ask this as a moderator.

Mr. GRIGGS. Do you believe that if we put barley on the free list that it would reduce the price of it?

Mr. BURNS. It would make an open market so that everybody could come and buy it.

Mr. GRIGGS. Do you not believe that it would reduce the price?

Mr. BURNS. I think it would increase the price to the farmer.

Mr. GRIGGS. Which farmer are you talking about?

Mr. BURNS. The American farmer.

Mr. GRIGGS. And yet you say that this 6,000,000 bushels that was sent in from California in one year, when barley was \$1.15 a bushel, acted so much in the capacity of a moderator that it reduced the price from \$1.15 to 53 cents?

Mr. BURNS. Let me remind you that the American statistics show that in last December the average price of barley in Chicago was

90 cents, and the average price to the farmer during that time was 66 cents, showing a difference between the farmer and the so-called elevator man of 24 cents per bushel.

Mr. GRIGGS. It was not 66 cents to the farmer when the barley was selling for 53 cents.

Mr. BURNS. I am talking about the average prices in both cases; the average price in Chicago for December.

Mr. GRIGGS. Suppose we were to open the doors to Canada at the same time the California crop comes in. That would put it down to about 23 cents, wouldn't it?

Mr. BURNS. Now, gentlemen, I am talking entirely from the side of the manufacturer. Instead of putting us in the abnormal position of having our raw material raised to \$1.15 per bushel, on possibly a profit that we make of 5 cents a bushel, we would then have normal conditions. The trouble with our industry is that it is suffering from abnormal conditions.

Mr. GRIGGS. Too much protection. You are afraid of everything on earth but protection.

Mr. BURNS. What we ask is to have the duty taken off of our raw material.

Mr. GRIGGS. Do you not know that the cotton manufacturers make manufactured cotton in the face of fluctuations in the market of from 9 to 17 cents a pound?

Mr. BURNS. Yes; but I do not think that applies.

Mr. GRIGGS. It applies as much to you as it does to the cotton manufacturer?

Mr. BURNS. For this reason: Barley is a circumscribed crop.

Mr. GRIGGS. So is cotton.

Mr. BURNS. The uses of barley are closely confined. The farmer raises his barley knowing that the maltster is going to be his large consumer.

Now, a gentleman spoke a while ago about a "corner." That is very true. When a man starts out to corner corn and he starts with a proposition of 2,500,000,000 bushels, on wheat it would mean 600,000,000 bushels, oats about 900,000,000; but when it comes to barley he only has about 154,000,000 bushels to manipulate; so consequently it is a small matter, comparatively.

Mr. CLARK. It is impossible to corner the corn crop or the wheat crop.

Mr. BURNS. Exactly.

Mr. CLARK. Is it impossible to corner the barley crop?

Mr. BURNS. My figures show that the price went to \$1.15 on the biggest crop that we ever had.

Mr. GRIGGS. But you say that it has a circumscribed sale?

Mr. BURNS. Yes.

Mr. GRIGGS. If it has a circumscribed sale, how could it be cornered? If the world does not demand it, how can it be cornered?

Mr. BURNS. For the simple reason that it is one of the smallest crops, and because its uses are so confined.

Mr. CLARK. Is there more barley raised than rye?

Mr. BURNS. I do not know about the rye.

Mr. CLARK. One man cornered the rye crop in Cincinnati not very many years ago.

Mr. BURNS. It was probably a local matter.

Mr. CLARK. He cornered the whole thing and put up the price of it all over the United States.

Mr. BURNS. That might be possible.

Mr. COCKRAN. I understand you to say that this increase in the price to \$1.15 was due to artificial conditions created by the tariff?

Mr. BURNS. We think so.

Mr. COCKRAN. That is what I want to get at.

Mr. BURNS. And our argument is this: That when these prices reached these abnormal figures the effect of the 6,000,000 bushels that came in from the outside, for the first time in a number of years from California, broke that market.

Mr. COCKRAN. Why is it that California did not do that before?

Mr. BURNS. Because the freight rates to the East were so excessive. Barley has got to sell for 90 cents to a dollar to make shipments to the East possible.

Mr. COCKRAN. Your idea is, I take it, that until the prices on the eastern seaboard, or east of the Mississippi River, at least, reach figures as high as those you have mentioned, it is unprofitable to send barley here, so that the freight rate operates as a tariff against the production of the Pacific coast; is that not true?

Mr. BURNS. Exactly, sir.

Mr. COCKRAN. Your idea is that there should be a change in the tariff so as to put Canada in a position where its barley might come in when the price in this part of the country rises above \$1; or, to put it this way, when the prices are up in the neighborhood of \$1, then the Canadian supply might come in and check that rise?

Mr. BURNS. Yes, sir; exactly.

Mr. COCKRAN. That is your position?

Mr. BURNS. Yes.

Mr. COCKRAN. But the entire supply in Canada is about 10,000,000 bushels?

Mr. BURNS. Yes.

Mr. COCKRAN. And what is the supply ordinarily available for the maltsters of the East, exclusive of the supply from California?

Mr. BURNS. Our crop last year was 178,000,000 bushels.

Mr. COCKRAN. If the tariff were broken down completely, you would have a regulating influence of 10,000,000 bushels from Canada?

Mr. BURNS. That is all.

Mr. COCKRAN. And the California 6,000,000 bushels would exercise this influence?

Mr. BURNS. Yes, sir.

Mr. COCKRAN. Because everybody would know that there were 32,000,000 bushels more back of it and that there would not be 32,000,000 bushels in Canada?

Mr. BURNS. Yes; it is a fact that when barley gets up to \$1 a bushel we claim that California is the regulator and that at the normal prices Canada would be the regulator. That is why we ask it—to prevent the abnormal prices.

Mr. COCKRAN. To hold them?

Mr. BURNS. We think it would. We feel quite confident it would, and we feel confident that it would be an advantage to our farmer because the statistics show that the farmers were receiving more

money for their barley during the low tariff on barley than they ever have received since.

Mr. COCKRAN. During this period, when prices went up to \$1.15, what was the farmer getting then?

Mr. BURNS. I stated that in Chicago in December the average price was 90 cents. At that time the farmer was getting 66.6 cents.

Mr. COCKRAN. Who got the difference?

Mr. BURNS. The middleman.

Mr. COCKRAN. But I do not quite understand that. Why could not the farmer get his supply right into the market without selling it to the middleman?

Mr. BURNS. Because this whole Northwest is a network of elevators.

Mr. COCKRAN. Oh, when you mentioned the middleman, you meant the elevator man?

Mr. BURNS. Yes, sir.

Mr. COCKRAN. So that your position is that this great increase in price does not go to the farmer?

Mr. BURNS. Statistics so indicate.

Mr. COCKRAN. But to the elevator man?

Mr. BURNS. That's my opinion.

Mr. HILL. Of this exported product, 6,800,000 bushels went to Great Britain, the price being \$1.15 here. It must have been higher in Great Britain in order to carry back there 6,800,000 bushels?

Mr. BURNS. That was for feeding purposes.

Mr. HILL. No; for malting purposes.

Mr. BURNS. Very little barley is exported for malting purposes.

Mr. HILL. Yes; there was exported to Belgium 485,000 bushels, to the Netherlands 289,000, and Tasmania, New Zealand, and Chile received barley from this country. Were they taking it for feed purposes?

Mr. BURNS. We assume that that goes for feed purposes.

Mr. HILL. The bulk of that exported went from California, and I should think that they would feel that that is a little reflection on the high character of their product.

Mr. BURNS. That is the output of their entire product; they export almost their entire crop.

Mr. HILL. I understood you to say that they raised about 38,000,000 bushels?

Mr. BURNS. Yes, sir.

Mr. HILL. The entire export of the United States was about 38,000,000 bushels. Why didn't the California export regulate the price at New York instead of the Canadian price?

Mr. BURNS. For the simple reason that we have that terrific freight rate against us of about 60 cents a hundred on barley.

Mr. HILL. Can Canada get more for its product by shipping in here and paying an export duty than by sending to Great Britain?

Mr. BURNS. But Great Britain is the Canada market; that is where Canada barley is going now.

Mr. HILL. And we are competing with them in the common market all over the world now?

Mr. BURNS. Yes, sir.

Mr. HILL. Then why is not the price regulated by the competition abroad? Why is not the price in New York regulated by the compe-

tition abroad? Are we selling it abroad for less than we are selling it at home?

Mr. BURNS. No, sir; we are not.

Mr. HILL. Then we ought to compete in the world's market, and the tariff would have no effect whatever.

Mr. BURNS. There is very little of our barley exported.

Mr. HILL. Eight million bushels?

Mr. BURNS. But that is a mere bagatelle.

Mr. HILL. About one-twentieth of the entire product?

Mr. BURNS. Well, Canada, with her small crop, would bring 10,000,000 bushels over here.

The CHAIRMAN. You are asking for free barley?

Mr. BURNS. Yes, sir.

The CHAIRMAN. You would feel pretty happy if you received a promise to give you barley at 10 cents a bushel, would you not?

Mr. BURNS. Well, 10 cents is better than 30 cents.

The CHAIRMAN. Ten cents a bushel, before this duty was enacted, gave us a revenue of \$1,000,000.

Mr. BURNS. Yes, sir.

The CHAIRMAN. That \$1,000,000 came out of what is denominated by some people a "luxury?"

Mr. BURNS. We believe that the conditions surrounding us at that time do not exist now.

The CHAIRMAN. No; the Canada people have gotten out of the habit of raising barley, and perhaps if the duty was made 10 cents a bushel they would get back again. But I was asking if you would be happy to get 10 cents a bushel?

Mr. BURNS. We certainly would be thankful for anything in the way of help for our industry.

The CHAIRMAN. But you would rather have free barley than have that. How much barley goes into making a barrel of beer—on the average?

Mr. BURNS. That varies.

The CHAIRMAN. I know that, but how much on the average?

Mr. BURNS. What ought to go in would be about two bushels.

Mr. HILL. How many bushels of barley would make a bushel of barley malt?

Mr. BURNS. We figure on an increase of anywhere from 7 to 12 per cent.

Mr. HILL. That is more malt than there is barley.

Mr. BURNS. Yes; more malt than there is barley.

Mr. HILL. Would you be willing, if the tax on barley was reduced, to have a corresponding equivalent reduction on barley malt?

Mr. BURNS. We have that already. We have the reduction on the malt. What we want now is reduction on the barley. We are up against a serious proposition.

Mr. CLARK. Does the California maltster ask that this be put on the free list?

Mr. BURNS. Well, I do not know, sir; I am not in close touch with them.

Mr. CLARK. If you can find a Californian that wants anything put on the free list I would like to have his photograph.

Mr. BURNS. Very well; I will try to secure one.

Mr. CLARK. You do not know whether they are with you in this thing or not?

Mr. BURNS. California is not a very large malting section.

Mr. CLARK. They usually make enough for the Pacific coast, don't they?

Mr. BURNS. That is true, but it comes also from interior places, like Montana and other interior States.

Mr. CLARK. The trouble about it is that the hardship that you are undergoing about this malt business grows out of the temperance and prohibition movement stopping the consumption of beer, does it not?

Mr. BURNS. No, sir; it does not.

Mr. CLARK. You do not think so?

Mr. BURNS. I certainly do not.

Mr. CLARK. Well, what good do the movements do?

Mr. BURNS. I presume the brewer would answer that in a different way.

Mr. CLARK. How would he answer it?

Mr. BURNS. He would probably tell you that the prohibition wave was affecting him quite seriously.

The CHAIRMAN. The internal-revenue tax on beer has not fallen off very much yet.

Mr. BURNS. Not that I know of.

Mr. CLARK. Well, there has been a falling off of sixteen millions of dollars in internal-revenue taxes.

The CHAIRMAN. But it has fallen off on everything to some extent.

Mr. BURNS. In conclusion, Mr. Chairman, I desire to state that there are three parties interested in this matter, namely, the Government, the farmer, and the maltster. Strange to say, none of these parties has been benefited by this prohibitive duty and this fact I feel I can demonstrate to your satisfaction; and if so, why retain a useless tariff? Starting with the Government, I would say that since this prohibitive duty was placed on barley in 1890 the Government has been losing a revenue of over \$1,000,000 a year, which was formerly received on Canada barley imported. This loss in round figures amounts to over \$18,000,000, so, surely the Government has made nothing by its enactment. Our Government is paying thousands of dollars annually for the compilation of statistics. If these statistics stand for anything, we must accept them as authority. I ask, therefore, that you refer to page 636 of the Agricultural Statistics of 1907 and note the average price paid to the farmer for barley for the ten years including and preceding the year 1890, before the enactment of this prohibitive duty, and then compare the average price for the ten years subsequent. In the ten years previous, you will note the average price to the farmer was 57.7 cents and the subsequent ten years, 41.1 cents. I think, therefore, this proves my statement regarding the farmer. The explanation for this is on the broad principle that you never can obtain as much for an inferior article as you can for a superior article, for year after year the American farmer has been sowing and harvesting practically the same barley without any change. Give him the opportunity of securing seed from the best barley that grows and you will see a repetition during the next ten years of what you saw previous to

1890. The last party interested, as stated, is the maltster, and his position is so clearly outlined in the brief I have filed with your honorable committee that it is needless to take up time in repetition. I ask, therefore, if I have made clear the statement regarding the three parties interested in this matter, why continue a tariff from which nobody is deriving any good?

HENRY V. BURNS, BUFFALO, N. Y., FILES BRIEF OF BUFFALO MALT MANUFACTURERS' ASSOCIATION IN ADVOCACY OF REMOVING DUTY FROM BARLEY.

BUFFALO, N. Y., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We are here to-day in the interest of the Malt Manufacturers' Association of Buffalo, an organization representing an annual malting capacity of over 11,000,000 bushels and an invested capital in plants of over \$6,000,000. We have come to ask that you recommend the removal of the present prohibitive duty of 30 cents per bushel on Canada barley and place it on the "free list," and while here as representatives of the association named above, we feel that the reasons as set forth will apply with equal force to the malting business in general. We make this request as a relief from the unsatisfactory and unprofitable conditions now surrounding the manufacturer of malt, which conditions we think are attributable to the prohibitive duty on Canada barley, with its subsequent results.

The growing of malting barley is more centralized, perhaps, than is the growing of any other cereal, for while most all of the States produce a certain amount for feeding purposes, the principal States producing malting barley tributary to the territory east of the Missouri River are Minnesota, Wisconsin, Iowa, and the Dakotas, and there is no section that has developed more rapidly and extensively as a farming country during the past few years than the States named above. Equal also in growth has been the country grain elevator, dotting each station along the main line and branches of each new railroad as soon as completed, until at present this vast territory is one complete network of grain elevators, the output of which is controlled almost entirely by a few grain or elevator companies which, if not associated, certainly have a most admirable working arrangement. When I say to you that most of these companies number their elevators by the hundred, you will recognize at once what an opportunity exists at all times to raise or lower the price of barley by a simple manipulation of shipments, for if a higher market is desired, a holding back of shipments and a consequent falling off of receipts at the principal markets makes this result possible; or if, on the contrary, a lower market is desired (with a view of replenishing depleted stocks from the farmers at lower values), liberal shipments from country points, with a following increase in shipments at the same principal markets, will have this effect.

The position of these country elevators has been materially strengthened by the almost complete elimination of the so-called "grain track buyer" of a few years ago, for where is the farmer who will resort to

the slow and laborious process of unloading his barley into the car by shovel when, without removing from his seat, he can drive upon the elevator scales, with their connecting grain receivers, and by the simple pulling of a lever have his grain elevated to the shipping bin while he waits? Against such competition as this the track grain buyer had no show, until at the present time he is a thing of the past, with the result that the elevator man is left in complete control.

As an evidence that this statement is no mere conjecture, I would like to state the conditions surrounding the barley crop of 1907-8, from which you can draw your own conclusions:

The government estimate of this crop, in round numbers, was 154,000,000 bushels, one of the largest crops harvested since 1866. The normal price of barley during the past ten or twelve years has been in the neighborhood of 52 cents at lake ports, but during this period the grain track buyer was in evidence and the barley territory open to all competitors. Last year, however, notwithstanding this "bumper crop," the price on barley was steadily increased in jumps of 3 and 5 cents at a time, until the record price of \$1.15 per bushel was paid at lake ports and the threat of "dollar fifty barley" would certainly have been realized had it not been for one fact. I have said that all the States growing barley tributary to eastern malting were Minnesota, Wisconsin, Iowa, and the Dakotas. This territory was familiar ground to the elevator companies and it had been thoroughly canvassed. But there is a State to our extreme west, California by name, which for years past has been one of the largest barley-producing States in the Union. Owing to the extreme high freight rates to eastern markets this State had been exporting its barley, so its importance had been overlooked. But the dealers out there were watching their opportunity, and one day, when the price had been advanced to about the dollar mark, which figure was necessary to enable them to pay the high overland rates to eastern markets, a shipment of California barley appeared on our market and was sold something under the then prevailing price. This shipment was followed by more and still more, with a corresponding decline in barley toward "normal prices," until finally 6,000,000 bushels, estimated, were loaded in eastern malt houses, with the result that from \$1.15 barley on this same crop sold later at 53 cents, Buffalo, and thousands of dollars were lost as a consequence. Who were the losers? The men who were forced to buy their raw material at fictitious prices and sell their product at its intrinsic value.

The manufacture of malt is a continual process, requiring about ten days to complete what we term "one piece." The best results are obtained during the winter months. Unlike other manufacturers, we can not start up one month or shut down another awaiting an expected drop in the prices of material. It is a steady grind with us, night men taking the place of day men, week days, Sundays, and holidays, week in and week out. During our season there can be no let up, because we have thousands of dollars' worth of perishable property constantly in process, and it must have attention. Barley is our raw material. We do not produce it; we have to buy it and we have to buy it at market values, be they high or low, because the malting months are limited and we must get the benefit of our capacity during our season. The profit on malt does not exceed 5 cents per

bushel, and there are hundreds of malsters who would be glad to contract their entire output on a basis of 3 cents per bushel.

Now, gentlemen, on this small profit, how can we manufacturers do business with fluctuations during a single crop ranging from \$1.15 to 53 cents per bushel in our raw material? We are obliged to sell our product against statistics, the Government making monthly estimates on the yield of barley, and our customers, "the consumers," base their values on the government reports, comparing current reports with those of previous years. They see no just reason why they should be asked to pay higher values on "bumper crops" than on smaller ones, and the result is they buy from hand to mouth, awaiting the drop in prices which they feel must surely come, and we, in the meantime, are forced into the position of speculators by filling our storage with a manufactured product, which we hope will be wanted later at a price that will show a profit for the work performed. This surely is an awful state of affairs; we must have relief, and it should come speedily or under existing conditions the consequences will prove most serious to the malting industry in the near future.

It is for this reason that we ask you to put Canada barley on the free list, believing that if 6,000,000 bushels of California barley, with its contingent high freight rates, could help regulate a crop of 154,000,000 bushels, what a moderator would Canada prove, with its 10,000,000 bushels lying within twelve hours' ride of two-thirds of the entire malting capacity of the United States. There can follow no embarrassment, such as a deficit in revenues, because, except during the boom period of last year, barley has paid little or no revenue into the United States Treasury.

Aside from this, it would surely raise the quality of our future crops, because Canada, by reason of its peculiar soil and careful husbandry, produces the best barley grown on this continent. This statement applies particularly to the Province of Ontario. A personal acquaintance with our western barley since 1890 warrants the statement that during this period there has been no perceptible betterment in anything except yield. To our mind this condition is explained from the fact that there has been no change of seed, and year after year our American farmer has been forced to sow and harvest from practically the same barley. The quality of his barley has been as good as his neighbor's, and that being his standard, he has been satisfied. "Progress" is the watchword of the times. Take off your prohibitive duty on Canada barley, raise the standard of our farmer from that of his "next neighbor" to the "best that grows," and Canada's boast of harvesting the best of barley will soon be contested by the American farmer, and we need have no fears as to the results.

We assume that the present high duty on barley was made prohibitive to encourage our farmer in his efforts to raise this grain, and a perusal of Bulletin No. 59, issued by the United States Department of Agriculture, will show, we think, that this result has been realized even beyond the expectations of its framers, for it shows that from a total barley crop of 67,168,344 bushels in 1890 it has increased to the astounding figures of 178,916,484 bushels in 1906. As against these figures the American farmer need have no fear from

an importation from Canada of 10,396,644 bushels, that being the annual number of bushels imported for the ten years previous to 1890. On the contrary, we believe with the introduction of this superior seed the change of conditions will be all in his favor, so it can be truly said that the present tariff has performed its mission well and that in the interest of all parties concerned the time for a change has come.

Our Government, as well as the different States, is spending thousands of dollars annually to insure purity in its food products. The American people have long passed the "good enough" milestone; what they demand is the "best." Should this not apply to a beverage entering so largely in the family consumption as beer? Is the best any too good? With this in mind I leave with you two samples of barley, being an average quality of Canada and Western. They are plainly labeled, although this is an unnecessary precaution, because even were you laymen you could readily distinguish them. Now, assuming that some of you occasionally indulge in a glass of this "family beverage," I would, in conclusion, like to ask which of these two samples would you prefer should be used in making the malt from which your beer is made, and after you have answered this query I would request also that you ask yourselves: "Suppose I were to ask the same question of the millions of beer drinkers comprising the American people, what would their answer be?"

Respectfully submitted.

MALT MANUFACTURERS ASSOCIATION OF BUFFALO, N. Y.,
By H. V. BURNS.

THE BUFFALO (N. Y.) MALT MANUFACTURERS ASSOCIATION ASKS FOR REMOVAL OF THE DUTY FROM BARLEY.

BUFFALO, N. Y., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned, the Malt Manufacturers' Association of the city of Buffalo, hereby submits the following statement in support of its request for the repeal of the duty on barley, levied and imposed under the tariff laws.

The tariff law of March 3, 1883, imposed a duty of 10 cents per bushel on barley. This law continued until the enactment of the tariff law of June 10, 1890, which imposed a duty of 30 cents per bushel on barley. On August 27, 1894, a 30 per cent ad valorem rate of duty was imposed. The present law went into effect July 24, 1897, under which 30 cents per bushel was fixed as the rate of duty.

The effect of this rate of duty has been to almost eliminate the importation of Canadian barley. It practically deprives the Government of all revenue. From the year 1902 to date, at the close of the Government's fiscal year the annual revenue income from this source has varied from \$17,224.41 in that year to \$54,482.41 in 1908, falling as low as \$3,544.50 at the close of the fiscal year 1907. Operating under the tariff law of 1883, the Government received in 1887, \$1,033,687.53; 1888, \$1,082,058.65; 1889, \$1,130,692.52; 1890, \$1,115,132.10. These figures show a tremendous loss of revenue to the Government as a result of the present tariff.

As already stated, the duty on barley prior to the enactment of the law of 1890, known as the "McKinley Act," was 10 cents per bushel. This rate of duty was the result of the recommendations of the tariff commission of the year 1883. It is our understanding that this commission gave careful consideration to the rate of duty on barley, and that a session of the commission was held in the city of Buffalo, it being an important port of entry for Canadian barley, and that some of the best informed authorities were summoned and consulted. This commission recommended a reduction of the rate of duty on barley from 15 to 10 cents per bushel, and the same was fixed at that rate accordingly.

Subsequent to the enactment of this law (1883), and in reliance upon the continuance of the policy of the Government thus outlined, there was a vast increase of the business of converting Canadian barley into malt. Malting plants were established or enlarged in many cities of the State of New York, and along the Canadian frontier generally. This was true of Buffalo, Oswego, Lyons, Weedsport, Elmira, Jordan, Geneva, Batavia, Lockport, Rondout, Le Roy, Oneida, Watkins, Manlius, Albany; and generally along the Erie Canal millions of dollars were invested in the business, and it was reasonably profitable. The advantages of such investments and the prosecution of such large enterprises were naturally shared by many of our citizens in addition to those actually engaged in the prosecution and carrying on of the business. This included grain warehousing, transportation by lakes, canals, and railroads, thus giving employment at remunerative wages to large numbers of men in and out of the industry.

In 1890, at the time the subject of the tariff was being considered by Congress, an increase of the rate of duty on barley was opposed by the malting interests of New York State and several of the trade organizations of the various cities in that State, upon the grounds that the raising of the duty would not result in benefit to the American farmer generally and would be an actual injury to the farmer of New York State, and at the same time would inflict irreparable loss and damage to the vested interests and business of the equally worthy American citizen already established and engaged in business.

It was urged that:

First. That after supplying the needs of the maltsters in their demand for barley a large amount would be left remaining in the hands of the farmers, which would be used for feeding purposes. In 1888, 1889, there were brewed 25,089,765 barrels of beer, requiring about 40,000,000 bushels of barley. It was estimated that of this amount there were 10,000,000 bushels imported from Canada and 8,000,000 bushels raised in the State of New York, leaving a surplus of 36,000,000 bushels.

This entire surplus, excepting a small portion exported, was used for feeding purposes. The claim made was that "the value of this large feeding surplus determines the value of the barley used for malting in accordance with a fixed law in the mercantile world." The question was asked, "How can the price of the total crop be raised by simply excluding the 10,000,000 bushels imported from Canada?" "There would still be left a surplus of 26,000,000 bushels for feeding purposes." "The truth is, that the price of Canadian

barley and of New York State barley in the markets of the country is determined by the price of western malt in those markets. A brewer will say 'I can buy western barley and malt at such a price; for Canadian or New York State barley malt, if of a better quality, I can afford to pay a few cents more.'"

It was further asserted that, "The increased duty proposed would tend to drive the malting business from the State of New York and the East generally to the West, where barley can be bought cheaper. This certainly would be of disadvantage to the New York State farmers, because if the malting interests languish and die out in the East, who will be their customers for barley? It may be well to say that the eastern maltsters consume all the Canadian and New York State barley, but if their supply of Canada barley is cut off they must look to the West for barley, and if they have to do that they will go to the West to make their malt, for the reason that it can be done cheaper near the base of supplies."

Second. As regards the damage that would be done to the maltsters, grain dealers, common carriers, and commerce of Lake Ontario. These men have, under the offer held out to them by the United States Government to import barley at a reasonable rate of duty, established their business and built their elevators, malt houses, and grain storehouses at points favorably situated for the malting and handling of Canadian barley. They are not favorably situated for handling or malting western barley, and it would be ruin to many of them if the duty were so increased as to render it a prohibition measure, which would be the result, and would very materially injure the commerce of Lake Ontario. The value of this 10,000,000 bushels Canadian barley is nominally 55 cents per bushel, or \$5,500,000, 40 per cent of which, or about \$2,700,000, is paid by the shipper for duty and carrying expenses to put the barley on the American market. Of this amount \$1,000,000 goes directly into the United States Treasury, and a large proportion of the balance is paid to American vessel owners, canal boats, railway companies, insurance companies, and the thousands of laborers who are engaged in transporting grain from the producer to the consumer.

In short, we can see no good that can result to anyone by the increase of this duty, but, on the contrary, we can see that irreparable loss will result to the interests and holdings of many American citizens.

The predictions so made have come true, and the results that have followed justified the objection to the enactment of this tariff. The theory upon which the duty was imposed seems to have been the idea of benefiting the American farmer. It will be seen that the opponents of the tariff on barley urged that it would not benefit the American farmer to impose the prohibitive duty. It has not. The price of barley has been determined by the price of feeding grain, except as the product has been monopolized, as hereinafter shown, which of course did not benefit the American farmer. The Oswego Board of Trade, under date of January 4, 1897, submitted to your honorable committee a forceful statement of its reasons in opposition to the present tariff, and upon the subject of benefiting the American farmers by this prohibitive duty it said:

While it is our opinion that benefits to be conferred upon citizens engaged in one calling should never be urged in extenuation of injury to be inflicted upon others, we beg to say that even that reason in this case is entirely outside the

pale of all the evidence in the premises. It was alleged that the prohibitive duty would benefit the American farmer; that he would command, in consequence, a higher price for his barley. The facts and the developments since the enactment of the prohibitive duty show conclusively that no such result has followed.

Prices of American-grown barley have never before been so low since the enactment of a prohibitive rate of duty. The reports of the various markets in this country prove this assertion to be true beyond the possibility of doubt, and in order that evidence may accompany assertion we give figures tabulated from Chicago Board of Trade reports for the years 1890, 1891, 1892, 1893, 1894, and 1895, which are indicative of other markets for barley as well as the market of Chicago. The prices of No. 2 barley—the standard grade of Chicago—for the years named were as follows, viz: In 1890 the average price for October was 76 cents; for November, 78 cents; for December no quotations are given for No. 2, but the next lower grades averaged about 70 cents, equal to 78 cents for No. 2. In 1891 the prices for October were 62 cents; for November, 62 cents; for December, 62 cents. In 1892, for October, 65½ cents; for November, 68½ cents; and for December, 70 cents. In 1893, for October, 56 cents; for November, 54 cents; and for December, 50 cents. In 1894, for October, 54 cents; for November, 55 cents; and for December, 54 cents. In 1895, for October, 41 cents; for November, 40 cents; and for December, 38¼ cents, thus showing a steadily declining tendency, and an average decline in 1895 of fully 50 per cent as compared with the values of 1890. The reports of 1896 are not yet published, but we are of the opinion that when given to the public they will show even lower prices than the years cited.

We wish to add to the foregoing that the prices of barley to the American farmer from 1870 to 1880 averaged 66 cents per bushel. In 1890 it was 62 cents per bushel. In 1900 it was 40 cents per bushel. In 1905 it was 42 cents per bushel.

This prohibitive duty not having benefited the American farmer, what has the result been? As predicted in 1890, it has had the result:

First. Of depriving the Government of needed revenue.

Second. With but few exceptions it has driven the maltsters of New York State out of business.

Third. It has deprived the farmers of New York State of profitable markets for their barley, and as a consequence very little barley is now raised by them.

Fourth. It deprives the remaining maltsters and their customers of the use of the New York State and Canadian barley, desired and specially adapted for special classes or a superior grade of beer, the Canadian and New York State barley producing a better flavor and quality of beer.

Fifth. It has resulted in the establishment of country elevators in the West, where barley is kept and held and the price is fixed to suit the owner of these elevators.

To show that the duty is prohibitive, in addition to the figures already given we submit the following data on the subject:

Year.	Rate of duty.	Duties received.	Year.	Rate of duty.	Duties received.
	<i>Cents per bushel.</i>			<i>Cents per bushel.</i>	
1891	10	\$405,684.81	1899	30	\$33,096.10
	30	276,825.77	1900	30	48,484.15
1892	30	700,231.85	1901	30	53,496.04
1893	30	534,242.68	1902	30	17,224.41
1894	30	258,625.03	1903	30	17,857.00
	{ a 30	24.00	1904	30	26,476.37
1895	{ 30	255,515.36	1905	30	23,754.75
1896	a 30	93,667.23	1906	30	5,979.07
1897	a 30	116,477.94	1907	30	3,644.50
	{ a 30	958.20	1908	30	54,482.41
1898	{ 30	31,289.42			

a Per cent.

This shows that the first of the above conclusions has been proven.

The effect on the maltster of New York State and portions of the East has been with but little exception, ruinous, as can be clearly shown. At all of the numerous places hereinbefore mentioned excepting possibly one, the business of malting barley has been practically destroyed. Inquiry of these various localities will demonstrate this to be the fact. The reasons urged in opposition at the time to the present rate of tariff are as forceful now as then, and in the light of subsequent events should be considered sufficient to establish the justice of the present demand. These plants were located on the northern frontier for the reason that they were near their base of supplies. It was and is unjust discrimination against established business interests to take away their supply of raw material, as stated by the Oswego Board of Trade on the occasion already referred to, "the only reliance for a supply of raw material was taken away from them." That reliance has been as effectually placed beyond their reach by the enactment of prohibitive duties as if an embargo had been laid upon all the commerce of that part of the country. The business of malting barley can not be carried on without water or heat, nor can it be carried on without the practicability of procuring the raw material at as cheap a cost relatively as others engaged in the same business can procure it. And right at this point we may say the great wrong of the legislation of 1890 was inflicted. It was this prohibitive exclusion of supplies that disturbed existing conditions, conditions which we conceive to have been in close alliance, if they were not in fact in themselves, in the nature of what are termed vested rights.

It was an inflicted wrong, because existing conditions when the legislation referred to was enacted afforded ample supplies of Canada barley, and the radically changed rate of duty checked further importation of them. It will be seen, therefore, that the prohibitive duty on the Canada product compelled the maltsters on the northern frontier to look elsewhere for their supplies of barley. They could not move their plants to other fields of production, and were therefore compelled to transport the products of other localities to their plants. This, unfortunately, they could not do at a low enough cost to compete successfully with other maltsters, whose malt houses, as well as their own, had been located at the time they were constructed at points of barley production or importation with a view to convenience of its supply. The region of country producing barley in the State of New York is well supplied with malt houses where barley is procurable without cost of transportation. The same conditions also prevail, but in less degree, at the West. Consequently the use of New York State barley or western barley by maltsters whose plants are located on the frontier of the State of New York entails an added cost of transportation equal to a fair profit for transacting the business as compared with those more fortunately located—those whose supplies have not been interrupted by any act of legislation. Such evidence of the hardship of this legislation must be convincing to practical men, and especially if the inadequate excuse of benefiting large numbers of our citizens, whether farmers or others, can not be cited in justification.

The second proposition, that it has driven the maltsters of New York State in most instances out of business, will not be disputed, and the injurious effect on their business as a direct result of the tariff complained of seems established.

As to the third proposition, it will suffice to say that the injury inflicted upon the maltster of New York necessarily damages the farmers of that State, inasmuch as their best and nearest customers have been driven out of business and they are unable to transport their barley to the West at a reasonable profit. It is a fact that no New York barley can be found in the market, and the malting of barley grown in this State has practically ceased.

That Canadian barley produces a better flavor and quality of beer for special uses can be substantiated by inquiry of the leading export brewers of the country. If that phase of the question is denied, the undersigned association will furnish the required proof to substantiate its assertion.

The fifth proposition above mentioned may be explained by saying that the barley of this country is chiefly produced by the States of Wisconsin, Minnesota, North and South Dakota, and Iowa. The barley crop, or the bulk of it, of those States is controlled by about ten of the largest grain shippers of the West. At a favorable period these western shippers purchase barley from the farmers, and store it in their country elevators, filling them to their capacity, and thus are able to control among themselves the price of barley. They determine when and to whom they will sell, and fix prices at will. During the current year the price of barley went as high as \$1.15 per bushel. This was due solely to the control of the output by the elevator and not to a scarcity or failure of the crop. The prices are always fluctuating; and owing to the character of the business of malting, serious losses are frequently met with as a result of this.

It must be borne in mind that it takes from two to six weeks to convert barley into malt and have it properly matured for brewing purposes. Malt is usually prepared in the winter season and held from four to six months on an average. Thus with the market price of barley constantly changing and a narrow margin of profit, it is easily understood why such conditions have been and are proving disastrous to the business we represent.

Statistics of the Government show that none except Canadian barley is or has been imported into this country in any appreciable quantities. We are therefore confined to the question of what effect, if any, the removal of the government tariff or duty would have upon the domestic production or the price thereof. We think we have shown that the American farmer himself does not now receive any more for his product than he did at any previous time under any tariff regulation of the Government during the years mentioned. In fact, he receives less for product. It is a fact that at no time, even under the lowest rate of duty the Government ever imposed, Canadian barley was ever put on the American market in such quantities as to injuriously affect the price of the domestic product. In the years following 1883 to 1890, under a tariff of 10 cents per bushel, the largest total importation was 11,306,925.25 bushels. This was the year 1889. The domestic production for the same year was 78,332,976. Under

the ad valorem duty of 30 per cent levied by the law of 1894 the importation was as follows:

Years.	Bushels.
1895 {-----	80
1895 {-----	2, 074, 076
1896 {-----	826, 017
1897 {-----	1, 254, 968. 78

The domestic production for these same years being as follows:

Years.	Bushels.
1895-----	87, 072, 744
1896-----	69, 695, 223
1897-----	66, 685, 127

As above stated, during these various years the prices averaged from 1890 to 1900 at 62 cents per bushel, and later in 1900 at 40 cents, and in 1905 it was 42 cents per bushel.

The area from which suitable Canadian barley for the uses of maltsters is produced is confined to a comparatively small section of country. The importation has never been in sufficiently large quantities as to materially affect the price of barley. This even under the lowest tariff. The demand for it will necessarily be largely confined to a limited territory of the United States, and principally it will be New York State. The rates of transportation will be an important factor in determining this result.

In view of the foregoing, we ask that tariff on barley be removed entirely and the same be placed upon the free list, in order that the industry we represent may be revived and we may be enabled to continue our business.

We therefore ask your careful consideration of the foregoing statements and trust that you may take favorable action upon our request.

Very respectfully,

THE MALT MANUFACTURERS' ASSOCIATION,
By JOSEPH KAM, *President*.
HENRY G. SCHAEFER, *Secretary*.

**BRIEF SUBMITTED BY C. H. M'LAUGHLIN, OF BUFFALO, N. Y.,
SUPPORTING CONTENTION OF MALT MANUFACTURERS' ASSO-
CIATION FOR FREE BARLEY.**

BUFFALO, N. Y., *December 2, 1908.*
COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In support of the request of the Malt Manufacturers' Association of Buffalo, that the existing tax of 30 cents per bushel on barley imported into the United States be removed, it is but fair to the committee, as well as ourselves, to state that we are actuated only by the motive to restore an industry which prior to the enactment of the present excessive duty was one of the leading industries of New York. Since the McKinley law, enacted in 1894, and later the Dingley law of 1897, imposing a prohibitive tax on barley from

Canada, the chief source formerly for foreign barley, the malting industry of New York has been severely crippled, compelling a large number of plants, representing immense investments, to cease operations and others to be operated under most adverse conditions.

It can not be contended that the present tax should be continued as a means to produce revenue, for experience has demonstrated that its effect has been to deprive the Government of a source of revenue which under the former and more reasonable tax was most profitable. It can not be contended that the tax should be continued to protect the American farmer, as its influence or effect is in no way responsible for our increased production, and as affecting the price of this commodity, reports indicate that, with the exception of the year 1907, the price of barley was higher under the tariffs of 1883 and prior thereto than since the imposition of the present duty.

The present duty on barley is prohibitive and has proven disastrous to the malt industry in New York and the northern frontier. The consequent loss of a local market has discouraged the production of barley for malting purposes in New York and adjoining States where the soil and climate are well adapted to grow this grain of a quality sufficient for use to blend with the superior grade of Canadian barley.

Having been engaged in the manufacture of malt for many years at Buffalo, Niagara Falls, and Attica under the existing tariff as well as the measures preceding it, I am firm in the conviction that if the eastern maltster is enabled to secure Canadian barley the malt industry in the East and the farmer will derive equal and mutual benefits, such as obtained prior to 1890. During the discussion of the provisions to be adopted under the McKinley and Dingley bills myself and colleagues urged with all the force at our command that the increase on barley would create the very conditions we now ask to be remedied. Our former predictions seem to have been justified, and we trust you gentlemen will use your influence to correct the evil done our industry.

The present tax of 30 cents per bushel on barley is prohibitive and not productive of revenue.

Prior to 1894 our importations of barley were chiefly from Canada. Since 1894 Canadian importations have constantly decreased annually, and in recent years have been practically nil, our limited importations being principally from Russia.

Under the reciprocal trade treaty of 1853-54 barley with other commodities was admitted free from Canada. This treaty was abrogated in 1866 and a tax of 15 cents per bushel was imposed on barley. The importation of Canadian barley continued and increased gradually each year, contributing to our revenues, proving advantageous to the maltster and highly profitable to the farmer. The malting industry became a leading industry and barley one of the principal cereals grown in New York. In 1883, after a most careful and thorough investigation by the tariff commission of that year, the duty on barley was reduced to 10 cents per bushel and remained in force until 1894, when under the McKinley bill a duty of 30 per cent ad valorem was imposed, in 1897 the tax being fixed at 30 cents per bushel.

That the present tax is prohibitive is evidenced by the decrease in importations of barley, as will appear from the following table:

Year.	Total barley imported.
	<i>Bushels.</i>
1880.....	7,000,000
1890.....	11,000,000
1900.....	161,000
1905.....	79,000
1907.....	11,815

While the revenue receipts on barley for the corresponding years were:

1880.....	\$1,052,795.00
1890.....	1,115,132.00
1900.....	48,431.00
1905.....	23,754.75
1907.....	3,544.50

The present prohibitive tax on barley has proven disastrous to the malt industry in the East and permits an unjust discrimination against the eastern maltster.

The following table shows the relative position of New York to the whole malting industry; its gradual decrease, in number as well as the value of their production, is startling:

Year.	Per cent of industries.	Per cent of value of production.
1880.....	51.4	54
1890.....	82	42
1900.....	57	30.5
1905.....	30	23

From 1880 to 1905 the aggregate value of production of the malt industry increased from approximately \$18,000,000 to upward of \$30,000,000, or 66½ per cent.

While the malt industry has appreciably decreased in the East, the industry in the same section that is the largest consumer of its product (manufacturers of malt liquors) has grown proportionately with the entire industry of the country. The following table shows the total capital invested in the manufacture of malt liquors in the United States, the proportion thereof invested in the North Atlantic States, and the value of their entire production and the proportion thereof in these States for the years named:

Year.	Capital invested.		Per cent.	Value of production.		Per cent.
	United States.	North Atlantic States.		United States.	North Atlantic States.	
1890.....	\$232,471,000	\$111,812,000	48	\$182,782,000	\$89,055,000	48
1900.....	415,285,000	211,705,000	50	237,270,000	118,532,000	50
1905.....	515,637,000	240,286,438	47	298,359,000	133,273,000	45

The causes for the decline of an industry in a section where the market for its product is steadily increasing are not imaginary; nor can there be any conjecture as to the effect of the constant further removal from the consumer of the source of its raw material, especially when existing tariff provisions permit or enable not only such raw material, but its price as well, to be controlled by elements from which the original producer derives no benefit, and which impose a heavy burden upon the consumer alone. Barley at present is largely grown in Wisconsin, Minnesota, and the Dakotas. The crop each year is for the most part acquired by the grain and elevating companies of that section, which regulate the amount to be offered and the price. The malt manufacturer in the East must not only pay their price, but the cost of transportation, insurance, elevating and storage charges to his plant; and the higher local rate on his product to his consumer as compared with the cheaper through rate on the product of the western manufacturer. Then, too, the eastern maltster is at a further disadvantage as to the quality of the barley purchased in the West, as he is at the complete mercy of the western shipper should shipments made be of inferior quality, as he has no competitive market in which to make purchases to secure required grade for malting purposes.

With Canadian barley admitted free the eastern maltster would be placed on a parity with the western maltster to supply the eastern market.

There is no justification for a tax on barley to raise or maintain the price of this commodity in the United States or in the North Atlantic States.

In 1850 the North Atlantic States grew 80.7 per cent of the entire crop of barley; in 1880, 20.3 per cent; 1890, 12.2 per cent; 1900, 3.2 per cent; and in 1905 the proportion was even more insignificant. The imposition of the present tariff tax has not caused barley grown in this section to supplant the Canadian barley formerly used, nor is there any indication that it has offered or will offer any inducement to the farmer in this section to increase his acreage sown to barley.

The price of barley, as of other cereals, normally depends upon the law of supply and demand and quality. During the period the reciprocal trade treaty with Canada was in operation, and subsequent to its abrogation until 1880, the price of barley for malting purposes averaged from 60 to 75 cents. In 1880 the average price was 66 cents; 1890, 62 cents; 1900, 41 cents; 1905, 42 cents; and in 1907, a combination of circumstances, chief of which was the cornering of the market by the elevator interests, an abnormal price prevailed, the influence of which has not yet been eradicated.

The former importations of barley, not having affected the price of barley, it is difficult to conceive how the importation of approximately the same quantities—as 10,000,000 or 15,000,000 bushels would be the maximum imported—would affect the price when our production has increased to upward of 175,000,000 bushels in 1907, as compared with 67,000,000 in 1890. Canadian barley admitted free would restore the manufacture of malt in the East; the expansion of this industry would create a market for local-grown barley, thereby stimulating the farmer in the East to produce this grain, and for this commodity secure a price based upon the superior quality of the Canadian barley for malting purposes.

The importation of Canadian barley would not seriously affect our western barley as to price or production for the reason of its increased consumption at home and abroad for feed. Then, too, the price being fixed by the law of supply and demand and both Canada and this country producing in excess of their consumption, a free interchange of this commodity would tend to an equalization of the price based upon the superior grade rather than to the inferior under unfavorable crop conditions in either country.

The removal of the duty on barley and its relation to the future economic policy of the United States.

Under the reciprocal trade treaty with Canada the trade between Canada and the United States grew rapidly, with the annual balances largely in our favor, until the civil war period, when conditions compelled this country to be a heavy purchaser, and the balances shifted in favor of Canada. This treaty was abrogated in 1866, and notwithstanding the tariff barriers our trade has continued to grow until the balance in our favor is now approximately \$100,000,000.

The principle of reciprocity was recognized by the Dingley tariff law, and reciprocity with Canada has not only since been agitated, but the subject of consideration by joint commissions. A complete review of the advantages of freer trade relations with Canada will not be indulged in at this time; but as an indication of the attitude of Canada in 1897 the duty on corn grown in the United States was removed. Prior thereto our exports of corn varied from 3,000,000 to 5,000,000 bushels; since as high as 24,000,000, with 15,000,000 bushels a fair average, an amount about equal to our consumption of her barley, if admitted free. These two commodities are deserving of consideration by these governments, Canada to continue her present regulation to admit corn free and the United States to take down the barrier on barley and admit this product at least on equal terms. The proximity of the two countries, the kinship of their people, the uniformity of their development, and their mutual advancement demand a closer trade relationship.

If reciprocity with Canada on broad lines is not deemed advisable by our authorities, we submit that this Government should at least give recognition of the spirit manifest by Canada admitting our corn free by the removal of the present tax of 30 cents per bushel on its barley. The exchange would be approximately equal in quantity and, as we believe we have shown, would be mutually beneficial.

If there is a country with which we should apply the principle of reciprocity, as enunciated by former President McKinley in his memorable speech delivered at our city immediately preceding the attack of his assassin, that country is our neighbor on the north, rich in untold resources yet undeveloped.

The manufacturers of malt at Buffalo, for the reasons stated, therefore respectfully but urgently request that the existing tariff schedule relating to barley be revised and that this commodity be placed on the free list.

All of which is respectfully submitted.

C. H. McLAUGHLIN,
731 Chamber of Commerce, Buffalo, N. Y.

**THE OSWEGO, N. Y., CHAMBER OF COMMERCE SUBMITS RESOLVE
IN FAVOR OF REMOVING DUTY FROM BARLEY.**

OSWEGO, N. Y., *November 30, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: FOR many years prior to 1883 the duty on both Canadian barley and Canadian-made barley malt was 15 cents per bushel. In the year 1883 the congressional tariff commission, after full investigation of the subject, recommended reducing the duty on Canadian barley to 10 cents per bushel and increasing the duty on Canadian-made barley malt to 20 cents per bushel, which recommendation was adopted by Congress. Upon the enactment of this recommendation the malsters and grain dealers in the East established their business and built their elevators, malt houses, and grain storehouses at points favorably situated for the malting and handling of Canadian barley. The establishment of this business also proved remunerative to American vessel owners, canal-boat owners, railway companies, insurance companies, merchants, and the thousands of laborers engaged in transporting the grain from the producer to the consumer.

In the year 1890 the duty on Canadian barley was advanced from 10 cents to 30 cents per bushel, under the supposition that, by excluding the 10,000,000 bushels of barley which were annually imported from Canada, the American farmer would be benefited. It was contended by those who were opposed to such an advance that an increased duty would be of little or no benefit to the American farmer generally, but would be an actual injury to the farmers of New York State, while it would at the same time inflict irreparable loss and damage to the vested interests and business of other equally worthy American citizens. This contention has been well borne out by subsequent facts.

The city of Oswego, N. Y., stands out more prominently perhaps than any other place as a living proof of the disastrous effect caused by the increased duty of 30 cents per bushel on Canadian barley.

In 1890 there were in operation in Oswego 7 elevators, 7 malt houses, 7 steam tugs, hundreds of sailing craft and canal boats, and several canal brokerage offices. Of these there now remain doing business 1 elevator, 3 malt houses, and 2 tugs; practically none of the small sailing craft; only a few of the larger-sized sailing vessels, which have since come to Lake Ontario to engage in the coal-carrying trade from American ports to coastwise and Canadian ports, the smaller class of vessels being unable to compete and make a living with tonnage only one way, there being no grain to bring back to American ports; no canal boats in grain business; no canal brokers.

Following this destruction of business interests, the railway companies, insurance companies, merchants, thousands of laborers, and all other interests dependent thereon, have suffered the loss consequent thereto.

The single elevator now doing business in Oswego has been operated at a loss every year since 1890, with few exceptions, as so little Canadian grain has been received, and it is impossible to handle western grain in competition with the western Lake ports. The three malt

houses that are in operation continue to do business under adverse and discouraging conditions.

Preceding the year 1890 the imports of Canadian barley into the United States averaged about 10,000,000 bushels annually. For the ten crop years from 1881 to 1890, inclusive, these imports were 103,996,444 bushels, which, at a duty of 10 cents per bushel, amounted to \$10,399,644. Of these imports, 36,124,538 bushels were received into the Oswego customs district, the revenue from which, at a duty of 10 cents per bushel, amounted to \$3,612,453. For the eighteen years from 1890 to the present time about 3,500,000 bushels of Canada barley has been received at the port of Oswego, and of this quantity only 2,995 bushels came in during the last three years—none at all so far this year.

Since 1890, outside of what came to Oswego, the imports of Canada barley were practically nothing. In and before the year 1890 New York State raised about 8,000,000 bushels of barley yearly, while now the quantity grown is only about 2,000,000 bushels annually.

For many years after the passage of the law making the duty on Canada barley 30 cents per bushel the American-grown barley sold at lower prices than ever before, thus bearing out the contention that the increase in duty would be of no benefit to the American farmers.

The average price per bushel of the leading grade of barley in the Milwaukee (Wis.) market, which receives fifteen to twenty million bushels of barley annually, was, for the following years:

	Cents.
1888-----	67½
1889-----	58
1890-----	57
1891-----	61

and after 1891 it gradually ruled lower until in 1896 and 1897 it averaged 33 cents and 36½ cents per bushel, respectively, the former being probably the lowest price barley ever touched. It will be noted that these prices were for the "leading grade," or what was known as the highest grade of barley, in the Milwaukee market, the percentage of which is generally small, while the fair to choice malting grades of barley, which comprise the bulk of the crop, sold at an average of at least 5 cents per bushel less. We believe these same conditions also existed in the Chicago market and relatively in the other western markets.

During the last three years the price of barley has been abnormally high (reaching \$1.10 per bushel in Milwaukee in October, 1907) owing to the general trend of high prices for all commodities and apparent control of the barley market. However, it is believed that on account of the large percentage of barley used for feeding and export, the market price for barley, under normal conditions, will follow that of other grains, and that the comparatively small quantity which might be imported from Canada would have no appreciable effect on the barley market in general.

While it is not claimed that a greatly reduced rate of duty on Canada barley, or even the entire removal thereof, would immediately restore the business interests and prosperity of the Eastern States that were wiped out by the enactment of the 30 cents duty, as the production of Canada barley has greatly decreased, it is believed that such action on the part of our Government would open the way for a revival of the business which has been unfavorably

affected, and that in time a complete restoration of the injured and crippled industries would be realized, and full restitution made.

Inasmuch as it has been proven that all the arguments heretofore produced against the advance in duty on Canada barley to 30 cents per bushel have been well founded; that the American farmers have not been helped, but that they have, instead, received lower prices generally for their barley than before such advanced duty went into effect; that large vested property interests of certain sections of our country have been practically annihilated; that the United States is at the present time receiving no revenue from the importation of Canada barley, the present 30-cent duty being prohibitive, it is therefore difficult to conceive how harm could come to anyone by the admission of Canada barley into this country even free of duty. It is earnestly urged that the present rate of duty on Canada barley be entirely removed.

Respectfully,

OSWEGO CHAMBER OF COMMERCE.

LUTHER W. MOTT,

R. A. DOWNEY,

C. H. BOND,

P. W. CULLINAN,

H. T. NEIDLINGER,

F. O. CLARKE,

C. N. BULGER,

W. J. DOWDLE,

Special Committee.

PEARLED BARLEY.

[Paragraph 225.]

RYAN BROS., OF JAMESVILLE, N. Y., ASK RETENTION OF THE PRESENT DUTY ON PEARLED BARLEY.

JAMESVILLE, N. Y., *December 1, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We take this opportunity of submitting a few facts with reference to the revision of the tariff on pearled barley in Schedule G of the present tariff law, relative to agricultural products.

Pearled barley consists of barley with the hull taken off, and is used principally in the large eastern cities. Numbers 3 and 4, which is the principal product, sells in the New York market for \$2.50 per hundredweight. It takes 4 bushels of barley to make 100 pounds of pearled barley. This 4 bushels of barley also makes 90 pounds of feed, worth at present \$1; total from 4 bushels of barley, \$3.50.

Barley delivered from Buffalo at our mills costs 68 cents per bushel; total cost of 4 bushels-----

Cost of manufacture, 100 pounds pearled barley, with steam power----	\$2.72
Commission for selling-----	.25
Freight -----	.125
Bag -----	.10
	.065

Total ----- 3.26

Leaving a profit of less than one-fourth of a cent per pound.

Competition comes from Germany; the Germans can undersell us, not only because barley, labor, and machinery are cheaper, but principally because the outside of the barley, which is used for feed here, is sold for flour there, at much higher prices than here, and used for making bread by the peasants.

There are about 10 barley mills in the United States, capable of making enough pearled barley in three or four months to supply the home trade for a year. There is no pearled barley exported to speak of. You can readily see from the profit stated above and the capacity of home mills that competition in this country is very sharp, and that a little competition from Germany would wipe out all of the profit there is to the manufacturer at present.

There were formerly 6 mills in Onondaga County. Two are closed, 2 at Fayetteville, N. Y., burned down and have never been rebuilt, and 2 are running on part time, viz, our mills at Jamesville, N. Y., and the Smith mills, at Marcellus Falls, N. Y.

Under the Wilson bill the tariff was reduced to 30 per cent ad valorem, or about one-half cent per pound, which had a ruinous effect on our trade. The present tariff is 2 cents per pound and affords us ample protection from German competition. We believe that no one complains that pearled barley is too high. The profit fluctuates from nothing to one-half cent per pound, which is not too much. We hope for no tariff change.

Respectfully, yours,

RYAN BROS.,
Jamesville, N. Y.

MACARONI.

[Paragraph 229.]

STATEMENT OF G. F. ARGETSINGER, OF ROCHESTER, N. Y., RELATIVE TO AMERICAN MACARONI MANUFACTURING.

THURSDAY, *December 17, 1908.*

(The witness was duly sworn by the chairman.)

Mr. ARGETSINGER. Mr. Chairman and gentlemen, I want it distinctly understood that the National Association of Macaroni Makers would not come in front of this committee at all; that we have no selfish reasons, and we are sufficiently good citizens to trust the macaroni industry of this country to this committee without any petition from the association, if it had not been that a statement had been made on November 19 in front of this committee which we consider prejudicial to the interests of this Government. The statement was there made that they could not make good macaroni in this country, and by rights they should ask for a remission of the duty thereon. The national association, with all seriousness, says to this committee that we can make macaroni in this country; that we are making it; that we do not ask for a protective tariff in order to successfully make it; but inasmuch as the foreign population of this country are so patriotic to their mother country that they will purchase the imported macaroni, or the macaroni made by their mother country, regardless of the price thereon, it would be prejudicial to the interests

of this Government in a revenue way to take the duty off of macaroni which is purchased by the foreign importer. It is unnecessary, it is inequitable, and you might just as well get a cent more a pound on 97,000,000 pounds imports as a cent and a half a pound as you do to-day. The national association does not ask for protection in that regard, but simply desires to call your attention to the fact that it will be useless and prejudicial to your own interests and to the Government's interest to have macaroni come in free. Because the duty is on it, it is not necessary to protect us, owing, as I said, to the patriotism exhibited on the part of the foreign population of this country. Our sales are made almost exclusively to American people who appreciate the American product and the American methods of manufacture.

The CHAIRMAN. The duty seems to be from 38 to 40 per cent.

Mr. ARGETSINGER. On an average of $37\frac{1}{2}$ per cent.

The CHAIRMAN. It is a pretty good duty.

Mr. ARGETSINGER. It is an excellent duty.

The CHAIRMAN. I mean it is a pretty heavy duty.

Mr. ARGETSINGER. For the product—not when we can get it. We do not need it for protection purposes.

The CHAIRMAN. You do not need it at all, you say; but it is a revenue producer.

Mr. ARGETSINGER. It is a revenue producer, and we are glad that it is such—that these people's patriotism is such that they will pay a high price for the imported article.

The CHAIRMAN. Can you make it as cheaply as it can be imported?

Mr. ARGETSINGER. We can not. The American consumer and the American buyer does not pay the duty. The average price on the macaroni importations of 1907 to this country was 4 cents, whereas the price in Italy is 7 cents to the Italian consumer.

The CHAIRMAN. According to the statement made in the government report, the import price averages just about 4 cents.

Mr. ARGETSINGER. Yes, sir; that is true, while the same macaroni in Italy, of local manufacture, brings $6\frac{1}{2}$ and 7 cents; so that the American consumer, if he wishes to purchase the Italian macaroni, does not pay the duty.

The CHAIRMAN. The Italian gets macaroni cheaper, or as cheap, in this country as in his own country?

Mr. ARGETSINGER. He certainly does; and he would get it considerably cheaper if the duty was higher, if the Government needed the revenue.

Mr. DALZELL. What is the consumption in this country?

Mr. ARGETSINGER. It is almost impossible to state that accurately. We manufacture about 50,000,000 pounds, while the importations in 1908 were 97,000,000 pounds.

The CHAIRMAN. You manufacture 50,000,000 pounds in this country?

Mr. ARGETSINGER. In this country; yes; and that is as near as we can get at it.

The CHAIRMAN. As is shown here, there were 86,703,000 pounds importations.

Mr. ARGETSINGER. I was thinking, Mr. Chairman, that in the year 1907 the importations were 87,000,000, and in 1908, according to

the reported addendum, it is 97,000,000 pounds, so that the importations have gone forward with rapid strides, regardless of the 2-cent duty previous to the Wilson bill and the 20 per cent ad valorem of the Wilson bill.

The CHAIRMAN. There is an increase from 15,000,000 to 90,000,000 pounds?

Mr. ARGETSINGER. Yes; regardless of the duty that has been placed upon it, and for the reason that I gave.

That is all I have to say. We want the opportunity of filing a brief; that is, the national association stands ready to file any brief that might be desired, and containing information covering the subject.

HON. W. H. STAFFORD, M. C., SUBMITS LETTER OF THE LORENZ BROS. MACARONI COMPANY, MILWAUKEE, WIS., ASKING FOR RETENTION OF PRESENT DUTIES ON MACARONI.

MILWAUKEE, WIS., *December 16, 1908.*

Hon. W. H. STAFFORD,

House of Representatives, Washington, D. C.

DEAR SIR: Pardon us for applying to you for assistance in a matter which is directly affecting our industry, that of the manufacture of macaroni and kindred products.

The foreign manufacturers of macaroni, and especially those of Italy and southern France, are, and have been in the past, the greatest importers of their product into the United States. Authentic statistics at hand show that from one section of Italy there was imported into this country, in 1906, 77,900,000 pounds, at a valuation of \$2,800,000. We have not the figures for years 1907 and 1908, but we understand that they are considerably higher than for 1906.

We understand our Government is at present maintaining a duty of 2 cents a pound on imported macaroni, which is, however, hardly adequate, because of the cheap labor market in the foreign countries here mentioned.

The Ways and Means Committee, at present in session in Washington, has granted our association a hearing, which will take place this week, I believe on the 18th.

We would kindly request the favor, if it is possible to be given us, that you put in a good word for the retaining of the present schedule of duty on imported macaroni and similar food articles, as our industry, which, we might say, is yet in its infancy, would otherwise be unable to compete with the foreign manufacturers in our home markets.

Thanking you very kindly and courteously in advance for any favors granted us in this regard, we beg to remain.

Yours, truly,

LORENZ BROS. MACARONI CO.,
By L. R. LORENZ, *Manager.*

**HON. PAUL HOWLAND, M. C., FILES LETTER OF THE CLEVELAND
MACARONI COMPANY, CLEVELAND, OHIO, ASKING FOR PROTEC-
TION FOR MACARONI INDUSTRY.**

CLEVELAND, OHIO, *January 7, 1909.*

HON. PAUL HOWLAND, M. C.,
Washington, D. C.

DEAR SIR: There is some agitation regarding the tariff question, and as there would be danger of further reduction in the duty of macaroni products, we take the liberty of showing that such would be detrimental to the manufacturers of this country. It is still an infant industry when you compare the total output of all the factories in the United States as 30,000,000, and last year's importation was 97,000,000 pounds.

A number of years ago the duty was 2 cents per pound, and now it is 1½ cents per pound. If the duty should be reduced at the coming session of Congress, it would mean that the manufacturer would have a still greater importation to contend with.

In this country the macaroni industry is still in its infancy and needs the protection other industries had until they came to be on an exporting basis. When the macaroni industry of this country is on such a basis, we will agree that the duty ought to be reduced or probably removed, but just now we need badly that extra protection. Kindly give us your opinion in this matter.

Yours, very truly,

THE CLEVELAND MACARONI COMPANY,
By F. O. PFAFFMANN, *Treasurer and Manager.*

Macaroni, vermicelli, and all similar preparations.^a

	1903.	1904.	1905.	1906.	1907.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
Europe:					
Austria-Hungary	40,000	12,500			
Belgium			75	23,500	49,440
France	2,845,647	3,195,214	3,262,839	3,478,061	4,434,921
Germany	22,918	14,476	21,923	60,716	83,386
Greece	1,127	683	4,759	708	60
Italy	25,354,609	36,386,422	49,546,685	73,609,373	82,112,635
Netherlands				3,771	1,969
Spain	21,600	28,848	39,031	58,680	100,263
Switzerland					4,721
United Kingdom	5,799	67,570	144,288	1,881	2,175
North America:					
Canada	670	132	28	5,785	230
Mexico	20		45		
West Indies—Cuba			30		
South America: Argentina					150
Asia:					
Chinese Empire	316	1,132	1,574	68,057	105,144
China—British				80	
Hongkong	73,518	67,224	66,652	79,867	80,138
Japan	421,597	450,001	352,931	535,318	745,548
Turkey in Asia			220	232	
Total	28,787,821	40,224,202	53,441,080	77,926,029	87,720,730

Macaroni, vermicelli, and all similar preparations.	June—		Twelve months ending June—		
	1907.	1908.	1906.	1907.	1908.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
Imported from:					
France	197,185	307,050	3,478,061	4,434,921	4,306,811
Italy	7,861,348	7,960,497	73,609,373	82,112,635	91,917,670
Other countries	118,845	69,788	838,595	1,173,174	1,009,227
Total	8,177,378	8,337,335	77,926,029	87,720,730	97,233,708

^a Table No. 3—1907.—Bureau of Statistics, Department of Commerce and Labor.

OATS.

[Paragraph 230.]

**THE BUFFALO (N. Y.) CORN EXCHANGE THINKS THAT THE
TARIFF ON OATS FOR SEED IS PROHIBITIVE.**BUFFALO, N. Y., *January 4, 1909.*

Hon. S. E. PAYNE,
Chairman of Ways and Means Committee,
Washington, D. C.

DEAR SIR: In the matter of the question of duties on grain, it is our information that the grain trade of the United States is seeking relief at the hands of the present Congress, and, with special reference to oats, the Corn Exchange desires to call to your attention the importation of oats for seed purposes. We believe the grain trade of the United States will be especially benefited by a relief from the duty on this commodity for the purpose stated.

From the view point of the government reports for the years 1907 and 1908, there appears to be a decline in the quality and quantity of the oats raised in this country. This condition is at the present time a detriment to the oat producers and consumers of this country, and will continue to be an increased disadvantage unless relief is granted. And further, this deterioration will continue to cause an increased decline in the quality of the product.

We undertake to say that the duty of 15 cents per bushel, in addition to the expense of importing from foreign countries, practically excludes the use for seed of the high quality of oats now produced abroad, and we believe that the introduction of the seed from foreign ports is a necessity to overcome a declining condition in the United States with reference to oats, and this exchange respectfully urges that your committee use its best endeavors to further this action.

Very respectfully, yours,

HENRY D. WATERS,
President the Corn Exchange, Buffalo, N. Y.

**THE CHICAGO BOARD OF TRADE WISHES TO HAVE THE DUTY
ABROGATED ON OATS USED FOR SEED.**

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: I beg leave to call the attention of the honorable chairman of the Ways and Means Committee of the Congress to the marked decline in the volume of oats raised in this country, as indicated by the reports of the Agricultural Department upon the volume of the grain crops of the country for 1907 and 1908.

It is believed that this diminution is owing in large measure to the inability of the farmer to procure a superior quality of oats for seed in this country, and his inability, under the present tariff, to avail himself of foreign markets for this purpose. I refer particularly to oats raised in Canada.

This board regards the situation of so important a character and of so serious a nature as to call for such a modification of the tariff as will abolish the duty on oats when imported into the United States solely for seed.

The board trusts that the honorable chairman of the Ways and Means Committee will recognize the importance of taking such steps as will result in the abrogation of the duty on oats imported into the United States for seed purposes.

Respectfully,

BOARD OF TRADE OF THE CITY OF CHICAGO,
GEO. F. STONE, *Secretary*.

RICE.

[Paragraph 232.]

STATEMENT MADE BY S. LOCKE BREAUX, PRESIDENT OF THE RICE ASSOCIATION OF AMERICA, NEW ORLEANS, LA.

THURSDAY, *November 19, 1908.*

Mr. BREAUX. The present protective tariff enjoyed by the rice industry in this country is as follows:

Rice, broken, which will pass through a sieve commercially known as No. 12 wire sieve, per pound-----	cents--	1
Rice, cleaned-----	do-----	2
Rice flour and rice meal-----	do-----	2
Rice, ground or granulated-----	do-----	1
Rice, Hawaiian, broken-----	Free.	
Rice, hull ashes, as unenumerated manufactured articles-----	per cent--	10
Japan, as unclean-----	cents--	11
Rice may be cleaned in bonded warehouse, act March 24, 1874, in force-----	cents--	1
Rice patne, per pound-----	do-----	2

Taken from general tariff law now in operation, enacted by act of Congress July 24, 1897, has made possible its development in the coastal territory of Louisiana and Texas, and its further development now along the Mississippi River in north Louisiana, and in the prairie belt of the State of Arkansas. Where twenty years ago were cattle ranges and open prairie lands, a wild and undeveloped territory, is to-day a section of farms, cities, and manufacturing enterprises, all of which have come about through the development of the rice industry.

There are estimated farm lands 1,500,000 acres, of which 650,000 are in actual cultivation.

There are canal and pumping plants, 157; added to which are estimated 500 farms irrigated by wells; acreage prior to tariff, none of record; acreage 1908, 655,600; rice mills, 74.

Added to this value is work stock, implements, and improvements. Further, there have grown up cities, of which Crowley, Gueydan, and Jennings are types in Louisiana, and Bay City, El Tampo, Eagle Lake, Ganado, and Markham are types in Texas, these cities being exclusively rice towns.

The foregoing gives us an aggregate investment, due entirely to rice of, say, \$200,000,000.

Illustrating that point, we will take the parish assessments in the State of Louisiana:

Parish assessments—State of Louisiana.

Parish.	1880.	1890.	1900.	1908.
Acadia.....		\$1,300,000	\$4,000,000	\$7,300,000
Calcasieu.....	\$1,800,000	5,700,000	10,000,000	\$4,700,000
Cameron.....	860,000	670,000	950,000	1,400,000
St. Landry.....	3,000,000	4,500,000	4,700,000	9,500,000
Vermilion.....	860,000	1,800,000	3,000,000	5,000,000
	6,020,000	13,970,000	22,650,000	57,900,000

Above show enhancement in value in typical rice parishes, due almost entirely to advance in rice culture.

The \$200,000,000 value is all dependent upon the culture of rice, that brings to the farmer from \$18,000,000 to \$20,000,000 annually for his product, and in the turnover, from the time the product leaves the farm until it gets to the consumer, a further profit of \$20,000,000 goes to the middlemen—that is, the transportation lines, rice mills, and distributors generally.

We contend that in the case of an industry so vast as this, contributing so largely to the material welfare, in a broad sense applying to all sections of the country, to ask the American agriculturist, and from him on up through the different variations of labor who handle rice, to ask them to put their industry on a basis where they will have to compete with the rice of the Asiatic countries is to invite and bring about annihilation of the industry.

It is a fact, as has been shown by the investigations of the Department of Agriculture, that the rice produced in British India and in Burmah is on a family basis—that is, there is no wage paid—and after the needs of the family are taken out in rice whatever surplus there is is dumped on the market and sold for what it will bring.

It is a further matter of fact that in the matter of transportation foreign bottoms going to the Orient and returning to the Continent or to this country will bring rice at an incredibly low rate of freight, putting it into our seaports at from 20 to 25 cents per 100 pounds. That is shown by the official records that I would like to have go into the record, showing a quotation from an English firm.

In order that the committee may be advised as to the cost of producing rice in the United States, we submit a typical statement showing what it costs to produce rice.

Taking the average cost of farms farmed during the past five years by the North American Land and Timber Company, of Lake Charles, amounting in the aggregate to over some 5,000 acres, it is found that the cost is as follows:

Plowing land, per acre.....	\$2. 00
Disking and harrowing, per acre.....	. 75
Seeding and rolling and seed, per acre.....	2. 50
Looking after water and crop ninety days in summer, per acre.....	1. 80
Cutting and shocking, per acre.....	2. 00
Thrashing, sacks, and hauling to warehouse, per acre.....	4. 00
Cost of loading rough rice on the cars, insurance, storage, and warehouse, per acre.....	. 75
Cost to the farmer for water, per acre, about.....	5. 50
Interest on mules, farming machinery, and land, per acre.....	4. 00
Fertilizer.....	1. 00
Total.....	24. 30

We further present several statements just as they come to us from the farmer, and, under average conditions, it will be observed that the total cost runs from \$21 to \$30 per acre.

We call attention to the fact that labor to-day on the farm gets \$1.50 per workday, as against \$1 per day ten years ago, not to mention the increased cost of feedstuffs, mules, farming implements, and so forth.

As the average yield per acre, as per figures of the United States Government, is 30.6 bushels per acre for the past ten years, or 1,377 pounds per acre, the equivalent of $8\frac{1}{2}$ commercial barrels, and as the average prices for the past ten years have been, say, \$3 per barrel, or \$25.50 per acre, on the plantation, one can see that the margin of profit is not any greater than it should be.

The foregoing premises considered, the rice interests of these United States of America pray and ask that the present tariff conditions, in so far as they affect rice, be not disturbed.

As a matter of information to the committee, I was here when the gentleman from Italy, I believe, talked about Italian rice, the amount of Italian rice that comes into this country. I have not the statistics, because I do not claim to be a statistician, but as a matter of trade knowledge I know it is very small—it amounts to very little. We get, for instance, a certain amount of Valencian rice from Spain for our Spanish residents in the United States. In San Francisco there are a certain set of Chinamen who insist on getting rice imported from their country.

So when you specialize on rice, the different rices of that kind in the aggregate do not amount to very much.

A gentleman got up and spoke here on the matter of Porto Rico's consumption, 900,000,000 pounds. The Porto Rican market, when we first got in there, only took our very cheapest grade, rice that in this country we call screenings and second head and the medium and lower grades, and we are selling to that territory to-day, and have been straight along, c. i. f. to San Juan and other points rice that will not average over $3\frac{1}{4}$ cents delivered. So that even if the duty was removed so far as they are concerned, there would not be a difference of $2\frac{1}{2}$ cents to them, because you can not import the rice into Porto Rico or this country for less than—well, from 2 cents to $2\frac{1}{4}$ cents. You add the duty to that and you can get what it costs us. I am not referring now to brewer's rice, which is a different proposition.

The CHAIRMAN. What quality of rice do they use in Porto Rico?

Mr. BREAUX. They have gradually improved the grade that they take from us.

The CHAIRMAN. They have acquired a better taste under the American plan?

Mr. BREAUX. Since we have educated them up to a better grade, yes.

Mr. BOUTELL. The choice rice that is grown in Louisiana is the best rice that is produced anywhere in the world, is it not?

Mr. BREAUX. I would not dare say that before gentlemen from the Carolinas and from Georgia.

Mr. BOUTELL. Well, I will modify the question and say the rice produced in our southern tier of States is the best rice produced anywhere in the world, is it not?

Mr. BREAU. Yes, sir; both as to what we call the Honduras and the screened head rice, that is the best rice anywhere.

Mr. BOUTELL. And that improvement in rice has been under the fostering influence of a protective system?

Mr. BREAU. Unquestionably, in my judgment.

Mr. BOUTELL. I take it that rice is not the only article in which the good people of Louisiana are in favor of a protective tariff?

Mr. BREAU. No; we have some sugar people in Louisiana.

Mr. CLARK. And you have some sulphur there?

Mr. BREAU. Yes; we have some sulphur.

Mr. BOUTELL. And lumber?

Mr. BREAU. Yes; we have lumber also.

Mr. BOUTELL. In other words, the good people of Louisiana are in favor of a protective tariff, are in favor of the protective policy?

Mr. BREAU. I should say commercially they are, yes; although politically they are not.

Mr. BOUTELL. I am asking as to what they are in favor of commercially. This committee has absolutely nothing to do with politics. This committee is dealing with exclusively commercial, fiscal, and financial questions.

Mr. BREAU. I understand.

Mr. BOUTELL. Take it, then, as a revenue policy, the people of Louisiana are in favor of a protective policy?

Mr. BREAU. I should say so; yes, sir.

Mr. BOUTELL. Historically Louisiana was a Whig State, a protective State?

Mr. BREAU. Yes; and she is now, in fact.

Mr. BOUTELL. And not only the rice culture, but the sugar culture and lumber culture have grown up under the fostering care of the protective tariff?

Mr. BREAU. That is true.

Mr. CLARK. One thing about the rice business I have not been able to understand, and that is why more people in the United States do not eat rice.

Mr. BREAU. Well, from my view point it is because the distributing end of the business has not kept up with the agricultural end of it.

Mr. CLARK. I did not know what the trouble was, but I wondered why the consumption had not grown more. It is increasing, is it?

Mr. BREAU. Oh, yes. I believe the per capita consumption now is probably between 7 and 8 pounds, including what we import.

Mr. CLARK. It is one of the cheapest and best food articles that we can get, is it not?

Mr. BREAU. Yes.

Mr. POU. I would like to ask this witness whether there is competition in the prices of rice or are the prices fixed by any trust?

Mr. BREAU. There is decided competition, that is the trouble. We are free lances, and we are cutting each other's throats, so to speak.

Mr. POU. It was stated somewhere that one concern monopolized the business to a large extent and fixed the price—something to that effect.

Mr. BREAU. No; I will explain that to you, sir. The National Rice Milling Company, in New Orleans, is the largest manufacturer of rice. They are the largest distributors of rice. Their capacity,

we will say, is about 5,000 sacks in twenty-four hours, as against the next mill having a capacity of probably 2,000 or 2,500. There are only two of that size. Naturally a concern of that size exercises a great influence on prices. They are the only concern, I believe, which has buyers covering every section that rice is raised in. For that reason, of course, they are often accused of trying to control the situation, and they do to that extent; but so far as any combination in the sense of there being a trust or a price fixed is concerned, the history of the business shows that rice varies from \$2.25 to \$5.25, and there is no such thing as a trust, or the fixing of any price.

Mr. POU. What is the price now?

Mr. BREAUX. I got a letter to-day from my firm. We sold some Japan rice for \$3.50 per barrel, and our Honduras at \$3.65.

Mr. POU. What is the market price of the rice raised in the South?

Mr. BREAUX. The average market price to the farmer?

Mr. POU. Yes.

Mr. BREAUX. I state in this pamphlet it is my belief at the plantation about \$3 per barrel. We figure it on 162 pounds to the barrel, in contradistinction to the Government's figures of 45 pounds to the bushel basket.

Mr. POU. It is profitable at that?

Mr. BREAUX. I should say not, for the reason that the average man knows when he gets into rice, but he never knows when he gets out.

Mr. CLARK. You have to be a good deal more careful of your rice crop than you do of a crop of wheat, do you not?

Mr. BREAUX. Well, as an agricultural problem, for instance, the Mississippi River planters will start plowing in December and break up their land sometimes two or three times during the winter. And in February and March they try to put the seed in the ground.

Mr. CLARK. How much do you get for a bushel of rice—45 pounds?

Mr. BREAUX. I should say 70 cents. It will average about that now; it has been a little higher than that. Our market this year opened up to about a basis of \$1.10.

Mr. CLARK. Suppose rice was advertised like postum, for instance. Do you not suppose that the consumption of it would be increased tenfold in the next twenty years?

Mr. BREAUX. I do not think there is any question about it. It is the purpose of the Rice Association of America to try and educate the selling end of the business, so that the consumption of rice will be increased.

Mr. UNDERWOOD. What do you say is the profit to an agriculturist in an acre of rice?

Mr. BREAUX. I should figure it, including interest—

Mr. UNDERWOOD. Leave the interest out.

Mr. BREAUX. I should say the average man that comes along and makes \$6 or \$8 per acre would be entirely satisfied with that; he would be satisfied with the result of his year's work if he made that much an acre.

Mr. UNDERWOOD. What does he pay for that land?

Mr. BREAUX. If he is near a railroad he pays from \$50 to \$60 or \$75 an acre for it; if he goes out 6 or 7 miles from the railroad it would cost him probably \$25 to \$30 an acre, and if he is 12 or 13 miles away from the railroad he could get it for \$15 to \$18 an acre. I am giving my idea of what the general average would be.

Mr. UNDERWOOD. What is the cost of hauling, per ton?

Mr. BREAUX. I don't know; I have not figured on that basis.

Mr. UNDERWOOD. Do they have good or bad roads in the rice country?

Mr. BREAUX. In our country the roads are bad.

Mr. UNDERWOOD. It costs you something like 75 cents a ton, does it not?

Mr. BREAUX. We figure it on the sack basis entirely. Let us see; I have seen a time when a team of four mules could not haul over 6 sacks of rice to market and could not make over 1 trip a day; then again I have seen it where such a team could haul 30 sacks. As a rule, however, the farmer accumulates a quantity of rice, and then when he is not working at anything else he hauls it. If you want to have rice hauled they charge you 10 cents a sack.

Mr. UNDERWOOD. You say a man does not make over \$6 or \$7 an acre?

Mr. BREAUX. Sometimes he does.

Mr. UNDERWOOD. On the average season?

Mr. BREAUX. On the average \$6 or \$8 an acre would satisfy him, in my opinion.

Mr. UNDERWOOD. That does not include the interest on his investment?

Mr. CLARK. What part of the rice consumed in the United States is raised in the United States, roughly estimated?

Mr. BREAUX. I can not quote the statistics, but in the month of August I figured that the United States consumed about 6,300,000 bags, or that would be 630,000,000 pounds, and the United States makes about from 5,000,000 to 5,250,000 bags.

Mr. CLARK. At the rate the rice industry is increasing in the South, especially Louisiana and Texas, it will not be very many years before we can produce all we use?

Mr. BREAUX. It is our hope and belief that if we are given the benefit of the present protection, in a very few years we will be able to produce all the rice that is consumed in the entire United States. I believe the more we distribute the production of rice the cheaper we will be able to put the rice to the consumer. That is, we will be able to eliminate the fictitious profit.

Mr. CLARK. So some time in the sweet by and bye we will be able to take the tariff off and still produce all the rice that is consumed?

Mr. BREAUX. When that comes, I fear I will be out of the business.

BRIEF OF THE RICE ASSOCIATION OF AMERICA, PRESENTED BY ITS PRESIDENT, S. LOCKE BREAUX.

THURSDAY, November 19, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The present protective tariff enjoyed by rice industry of this country

Duty on rice.

[Taken from general tariff law now in operation, enacted by act of Congress July 24, 1897.]

Rice, broken, which will pass through a sieve, commercially known as No. 12 wire sieve, per pound	cents	4
Rice, cleaned	do	2
Rice, flour and rice meal	do	4

Rice, ground or granulated.....	cents.....	½
Rice, Hawaiian, broken.....		Free.
Rice, hull ashes, as unenumerated manufactured article.....	per cent.....	10
Japan, as uncleaned.....	cents.....	1½
Rice, may be cleaned in bonded warehouse (act March 24, 1874, in force)	cents.....	¾
Rice patne, per pound.....	do.....	2

has made possible its development in the coastal territory of Louisiana and Texas, and its further development now along the Mississippi River in north Louisiana, and in the prairie belt of the State of Arkansas. Where twenty years ago were cattle ranges and open prairie lands, a wild and undeveloped territory, is to-day a section of farms, cities, and manufacturing enterprises, all of which have come about through the development of the rice industry.

There are estimated farm lands, 1,500,000 acres; of which 650,000 are in actual cultivation.

There are canal and pumping plants, 157; added to which are estimated 500 farms irrigated by wells; acreage, prior to tariff, none of record.

The Twelfth Census (vol. 6, part 2, 1899) gives us acreage, Louisiana, 201,685; Texas, 8,711; acreage of 1908, 655,600; rice mills, 74.

Added to this value is work, stock, implements, and improvements. Further, cities, of which Crowley, Gueydan, and Jennings are types in Louisiana, and Bay City, El Campo, Eagle Lake, Ganado, and Markham are types in Texas, these cities being exclusively rice towns.

The foregoing gives us an aggregate investment, due entirely to rice, of, say, \$200,000,000. All directly dependent upon the culture of rice that brings to the farmer from \$18,000,000 to \$20,000,000 annually for his product, and in the turnover from the time that the product leaves farm until it gets to the consumer a further amount of \$20,000,000 goes to the middle men—that is, the transportation lines, rice mills, jobbers, and distributors generally.

We contend that an industry so vast as this and contributing so largely to the material welfare—in a broad sense—applying to all sections of the country—that to ask the American agriculturist, and from him on up through the different variations of American labor who handle rice, to ask them to put their industry on a basis where they will have to compete with the rice of the Asiatic countries is to invite and bring about annihilation of the industry.

It is a fact, as has been shown by the investigation of the Department of Agriculture, that the rice produced in British India and Burma is on a family basis—that is, there is no wage paid, and, after the needs of the family are taken out in rice, that whatever surplus there is is dumped on the market and sold for what it will bring.

It is a further matter of fact that in the matter of transportation foreign bottoms going to the Orient and returning either to the Continent or to this country will bring rice at an incredible rate of freight, putting it into our seaports at from 20 to 25 cents per 100 pounds.

(See Weekly Rice Report of date October 29, 1908, last item, showing freights, March-April, loading at 20 shillings per long ton of 2,240 pounds, which figures out about 22 cents.)

In contradistinction to this, it costs us to the Atlantic seaboard from our outports 30 to 40 cents per 100 pounds and to the Pacific coast 55 cents per 100 pounds.

In order that the committee may be advised as to the cost of raising rice in these United States, as against that of the Asiatic countries, we submit statements from various farmers throughout the belt showing in different sections what it costs to make rice.

We present these papers just as they come to us from the farmer, and, under average conditions, it will be observed that the total cost runs from \$21 to \$30 per acre.

We bring attention to the fact that labor to-day on farms gets \$1.50 average per workday as against \$1 per man ten years ago, not to mention increased cost of feedstuffs, mules, farming implements, etc.

As the average yield per acre, as per figures of the United States Government, is $30\frac{4}{10}$ bushels per acre for the past ten years, or 1,377 pounds per acre, the equivalent of $8\frac{1}{2}$ commercial barrels, and as the average prices for the past ten years is, say, \$3 per barrel, or \$25.50 per acre on plantation, one can see that the margin of profit is not any greater than it should be.

The foregoing premises considered, the rice interests of these United States of America pray and ask that the present tariff conditions, in so far as they affect rice, be not disturbed.

Respectfully submitted.

S. LOCKE BREAUX, *President*,
H. G. CHALKLEY, *Director*,
J. E. BROUSSARD, *Director*,
P. S. LOVELL,

Committee of Rice Association of America, covering membership of 1,234 members, every one of whom is a farmer or raiser of rice.

GUEYDAN, LA., November 10, 1908.

Mr. S. LOCKE BREAUX,
New Orleans, La.

DEAR SIR: I herewith hand you data of my rice farming since I began in 1899, viz:

Year.	Acres planted.	Average yield.	Cost per sack.	Price sold.
1899.....	200	10	\$2.40	\$3.00
1900.....	300	11	2.50	3.50
1901.....	350	11	2.50	3.75
1902.....	400	9	2.75	4.00
1903.....	400	11	2.25	2.75
1904.....	425	11	2.25	1.50
1905.....	350	10	2.50	3.00
1906.....	300	9	2.25	3.50
1907.....	275	11	2.40	3.50
1908.....	250	7	2.00	-----

I respectfully submit the above data.

W. D. SPENCER.

PORT ARTHUR, TEX., November 14, 1908.

Mr. S. LOCKE BREAUX,
New Orleans, La.

DEAR SIR: In compliance with your request for itemized statements showing cost of raising rice, we inclose herewith two statements, one from J. C. Reynolds estimating the cost at \$29 per acre and one from T. W. Hughen estimating same at \$24.68.

Yours, very truly,

W. N. McREYNOLDS.

PORT ARTHUR, TEX., *November 13, 1908.*PORT ARTHUR RICE MILLING COMPANY,
City.

GENTLEMEN: Replying to yours of yesterday, the cost of growing rice, based on the average wages for men and teams paid the past seven years, will approximate about as follows:

Preparing the seed bed and seeding (exclusive of the seed)-----	\$6. 65
Seed, per acre-----	3. 08
Harvesting and threshing, and levee man-----	11. 20
Superintendence and repairs-----	3. 00
Hauling crop to market-----	. 75
	<hr/> 24. 68

At the present rate of wages on public work—i. e., \$5 for man, team, and wagon—these figures would be too low, but the above is about the average.

The land rent per acre in this vicinity is two sacks, or 360 pounds per acre.

The water rent is two sacks, or \$6 per acre.

In the above I am giving an average, approximately. Some years, it is true, with favorable weather conditions, it is possible to plant for less money, but we frequently have to replant; as, for instance, two years ago some fields were replanted as many as four times, and there is seldom a year that some replanting is not necessary.

Respectfully, yours,

THOS. W. HUGHEN.

PORT ARTHUR, TEX., *November 13, 1908.*PORT ARTHUR RICE MILLING COMPANY,
Port Arthur, Tex.

GENTLEMEN: Replying to yours of 11th instant, asking me for estimate of actual cost of raising rice in this section, beg leave to hand you following figures, based on seven years' consecutive rice farming in Jefferson County, Tex.:

	Average.
Land rent, per acre, per year-----	\$3. 50
Building and maintaining levees, per year-----	1. 00
Building and maintaining fences, per year-----	. 10
Plowing, per acre, per year-----	2. 50
Disking, per acre, per year-----	. 50
Harrowing, per acre, per year-----	. 50
Seeding, per acre, per year-----	. 50
Seed, per acre, per year-----	2. 50
Watering, per acre, per year-----	1. 00
Water rent, per acre, per year-----	6. 80
Cutting, per acre, per year-----	2. 00
Shocking, per acre, per year-----	1. 00
Thrashing, per acre, based on-----	4. 00
Rough rice sacks, per acre, per year-----	1. 00
Hauling to mill, 2 cents per mile, per sack, 10 sacks, 7½ miles-----	1. 50
Depreciation on \$1,500 investment, stock and implements, per acre-----	1. 00
	<hr/> 29. 40

Trusting that above, which are fair and reasonable estimates, may be of service, I am,

Very truly, yours,

J. C. REYNOLDS.

GUEYDAN, LA., *November 12, 1908.*S. LOCKE BREAUX, Esq.,
New Orleans, La.

DEAR SIR: I was requested to submit an estimate of what it cost me to raise a sack of rice. Inclosed you should find same as taken from books.

Land value, 160 acres, at \$30 per acre	\$4, 800. 00	
House, barn, and necessary fencing	1, 500. 00	
Irrigating plant, complete	3, 000. 00	
Permanent investment		\$9, 300. 00
Interest at 8 per cent		794. 00
Depreciation at 5 per cent		465. 00
Insurance		15. 00
Total real estate investment		10, 574. 00
6 horses or mules	\$900. 00	
Harness for above	90. 00	
2 lumber wagons	120. 00	
2 gang plows	130. 00	
2 disks	35. 00	
1 drag harrow	14. 00	
1 walking plow	14. 00	
1 drill	75. 00	
Total horses, tools, and machinery		1, 387. 00
Interest at 8 per cent	113. 00	
Depreciation at 10 per cent	141. 80	
		254. 80
		1, 641. 80
Seed per acre, at \$5 per sack, two-fifths sack	2. 00	
Feed per mule (6), 1 gallon per feed, \$90.90 per year	545. 40	
2 men, at \$30 per month each	720. 00	
Irrigating rice, at \$2.75 per acre	440. 00	
Empty sacks, at 9½ cents per sack, 1,440 sacks	144. 40	
Twine, 3 pounds per acre, at 10 cents, 160 acres	48. 00	
Thrashing 1,440 sacks, at 30 cents per sack	432. 00	
Hauling 1,440 sacks rice, at 5 cents each	72. 00	
Insurance and warehousing	80. 00	
		2, 483. 80
<i>Summary of cost of raising 1 sack of rice on a 9-sack average per acre.</i>		
Interest on permanent investment at 8 per cent	\$850. 32	
Interest on capital invested in machinery and mules	133. 85	
Amount paid for labor, seeds, twine, and thrashing	2, 483. 80	
		\$3, 467. 97
Cost of raising 1 acre of rice		21. 67
Cost of raising 1 sack of rice on an average yield of 9 sacks per acre		2. 40

Respectfully, yours,

WORTHY QUEREAU.

PIERCE, TEX., *November 13, 1908.*Mr. S. LOCKE BREAUX,
New Orleans, La.

MY DEAR SIR: Replying to your favor of 10th instant, regarding the cost of making a rice crop or crops, I beg to give you the following, which, as you are fully aware, is compiled from a thorough system of bookkeeping. Some eight years ago I planted the first crop in this section, close to the town of Bay City. From that year until the present time I have increased my acreage, until at present I have in

about 4,000 acres. Taking as a guide the past four years and on a land valuation of \$40 per acre, which is conservative seeing that land is changing hands round here at from \$40 to \$50 cash, I hand you the undermentioned figures which I hope will be of service to you:

	Per acre.
Interest at 8 per cent on \$40 land.....	\$3.20
Cost of breaking land.....	2.00
Cost of preparing and seeding.....	2.00
Cost of seed.....	1.50
Cost of water rent.....	6.00
Cost of levee hand.....	1.00
Cost of cutting.....	2.00
Cost of shocking.....	.75
Cost of twine.....	.25
Cost of sacks.....	1.00
Cost of thrashing.....	3.50
Cost of hauling.....	1.00
Cost of warehouse rent for one month.....	.55
	<hr/> 24.75

The land during the past four years has averaged barely 9 sacks to the acre per annum, the average having been cut down by the loss of last year's crop. Owing to bad harvest weather last year we only made 5 sacks per acre. Of course I think it quite probable that a man will lose one crop in four, owing to bad weather, storms, etc., and I count myself lucky in not having more rice.

In the last four years I have disposed of my crop at prices varying from \$2 to \$4 per barrel, but in every case I have had to hold my rice for several months before I got my price. My selling price, less warehouse charges, for four years averages \$3.20. Roughly speaking, the profits have been \$4 per acre per annum, and, with the interest on land, which in my case is a revenue, leaves an income of about \$7.20 per acre. I have just completed a large pumping plant to water about 10,000 acres of my own land, but, to be candid with you, if the tariff is in any way reduced I will never turn a wheel.

Yours, very truly,

A. P. BORDEN.

Statement of cost of cultivating 1,156 acres of land in rice for year 1908. Land has been in cultivation two years.

Land rent (1,500 acres in all).....	\$2,600.00
Water rent.....	6,936.00
Wear and tear on equipment.....	3,000.00
Interest on money invested.....	1,600.00
Labor.....	4,781.96
Seed.....	2,000.00
Feed.....	3,457.40
Repairs and additional equipment.....	2,162.87
Hauling.....	1,170.47
Marketing and warehouse expenses.....	250.00
Twine.....	250.00
Insurance.....	444.30
Sacks.....	860.00
Fuel.....	150.00
Sundries.....	76.57
Superintendents.....	1,000.00
Total.....	<hr/> 30,739.57

Sacks harvested, 8,500.

IRBY, SMITH & IVES,
Per B. IRBY.

Statement of cost of operating my farm of 200 acres, figured on basis of 8-sack yield.

Plowing 200 acres, at \$1.25	\$250
Disking and planting, at \$2.50	500
Seed, 80 sacks, at \$6	480
Cutting and shocking, at \$1.50	300
600 pounds twine, at 10 cents	60
1,600 sacks, at 10 cents	160
Pumping and coal	500
Engineer	150
2 levee men at \$1.25 for ninety days	225
Thrashing, at 30 cents per sack	480
Hauling rice to point of shipment	240
Keeping harness and implements in repair, etc.	400
	<hr/> 3, 745

Collateral to above I have an investment, on which I have not figured interest, as follows:

10 mules, valued at \$125	\$1, 250
Separator and engine	2, 900
Pump and implements	800
	<hr/> 4, 950

Does not own land.

GEORGE ROBBINS, *Gueydan, La.*

Statement, cost of operating my farm of 120 acres, based on 8-sack yield.

Labor preparing and seeding land, also labor through harvest	\$550
Feed	480
Seed, 48 sacks, at \$6	288
Twine	40
Sacks	96
Thrashing	288
Hauling to market	135
	<hr/> 1, 877
My rice is irrigated by canal company at a cost of one-fifth of crop, or an estimated cost in dollars and cents of	550
	<hr/> 2, 427

Investment:

Land	6, 000
5 mules, at \$150	750
Implements	345
	<hr/> 7, 095

Owns his land.

J. P. HEARD, *Gueydan, La.*

Estimate of cost of producing rice, crop based on 10-sack yield, on 1,000 acres of land, situated on Beaumont irrigating canal, in Jefferson County, Tex., farmed by J. C. Chaney for five years.

Plowing, at \$1.50 per acre	\$1, 500
Harrowing, at \$1 per acre	1, 000
Planting	750
Fertilizer	1, 000
Seed	2, 250

Irrigating and levee repair work	\$500
Binder twine	350
Harvesting and shocking	2,000
Thrashing	2,750
Sacks	1,000
Hauling to warehouse on railroad	1,000
Storage and insurance	800
Irrigation	6,000
Wear and tear on farm equipment	2,000
Interest on investment in land	3,000
Interest on investment on farm equipment	1,000
Superintendent	1,000
	<hr/>
	27,900

These figures are based on actual experience of five years and on the investment of \$7,500 in land and \$12,000 on farm equipment, it being necessary to own 1,500 acres in order to farm continuously an average of 1,000.

JOHN C. CHANEY.

GUEYDAN, LA., November 12, 1908.

Mr. S. LOCKE BREAUx,
New Orleans, La.

DEAR SIR: As requested by Mr. Mattingly, herewith inclose you my estimate of the cost of producing one sack of rice.

Yours, truly,

J. N. FONTZ, Gueydan, La.

The cost of producing one sack of rice raised and delivered to railroad station within 5 miles of shipping place, based on an average of 10 bags per acre on 100 acres.

Cost of team and harness and 4 mules	\$650.00
Cost of 1 plow	65.00
Cost of 1 disk harrow	40.00
Cost of 1 drag harrow	18.00
Cost of 1 drill	85.00
Cost of 1 wagon	60.00
Cost of 1 binder	180.00
Cost of 1 land roller	20.00
Cost of 1 levee pusher	15.00
	<hr/>
	1,133.00
	<hr/>
Interest on investment, at 8 per cent	90.64
Feed for team one year	400.00
1 hired man and board	340.00
For plowing 100 acres	125.00
To prepare and plant and levee	200.00
Seed for planting	150.00
To cut and shock	225.00
Twine	30.00
Bags	90.00
Thashing and delivering	300.00
Sundries	50.00
For watering crop	500.00
	<hr/>
Expense of 1,000 bags	2,500.64
Expense of 1 bag	+2.50

J. N. FONTZ, Gueydan, La.

WELSH, LA., *November 14, 1908.*H. G. CHALKLEY,
Lake Charles, La.

DEAR SIR: I am very glad to know that you are to be one of the committee to go to Washington and appear before the Committee on Ways and Means, and make a showing why the present tariff on our staple crop—rice—should not be reduced in the proposed new tariff bill. Your position as manager of large canal interests, as well as land interests, especially qualify you to act in this matter, and I sincerely hope for your success.

In reference to the expense of making a rice crop, I herewith give a detailed statement of such expense, and from an experience of twenty years in rice farming, both on canal and well irrigating, feel that it is conservative in every item.

	Per acre.
Cost of plowing.....	\$1. 25
Cost of preparing the land for seeding.....	1. 50
Cost of seeding, on basis of \$4.50 per barrel for seed.....	2. 25
Cost of drilling and dragging.....	1. 00
Cost of fertilizer.....	1. 00
Cost of cutting.....	1. 50
Cost of shocking.....	. 60
Cost of twine.....	. 50
Machine hire for thrashing.....	. 80
Labor for thrashing.....	3. 20
Sacks for thrashing.....	. 80
Hauling rice to warehouse.....	1. 20
Warehouse charges.....	. 80
Irrigating, average either well or canal.....	5. 00
	<hr/> 21. 40

The average yield per acre in this locality will not exceed $7\frac{1}{2}$ bags per acre.

Very truly,

L. E. ROBINSON.

We, the undersigned rice farmers of Welsh, most of us with long personal experience in growing rice, have carefully read the above statement as to the cost of making a crop of rice, and certify that it is conservative and well within the actual cost of making a crop, with many instances and seasons when the expense is much above.

G. W. PATTERSON (300 acres).
 PATTERSON BROS. (300 acres),
 Per E. R. PATTERSON, *Manager*.
 PAUL W. DANIELS (1,200 acres).
 E. M. CLARK (5,000 acres).
 A. F. DAY (300 acres).
 W. T. HUTCHISON (1,500 acres).
 F. A. ARCENAU (900 acres).
 H. E. WESSON.
 A. T. JONES (500 acres).
 G. M. HAMMIL (200 acres).

Cost of raising an acre of rice in Calcasieu Parish, La.

Seed rice, 80 pounds, at 3¼ cents per pound	\$2. 60
Plowing land	1. 25
Disking, harrowing, and planting	2. 00
Fertilizer	1. 00
Repairs to levees and ditching	.50
Removing weeds and grass	.50
Flooding and attendance	5. 00
Cutting, shocking, and twine	2. 50
Threshing, basis of 9 sacks per acre, 30 cents	2. 70
Sacking (empty sacks), at 10 cents per sack	.90
Hauling to warehouse, basis 9 sacks, at 12 cents per sack	1. 08
Warehouse charges and insurance, 1 month	.45
	<hr/> 20. 48

NOTE.—Seeding on a considerable per cent has often to be repeated. Some planters replot land.

When reseedling has to be done add \$1.25 per acre for disking, harrowing, and planting, and for seed add \$2.60 per acre; total, \$3.85.

Interest and depreciation as tabulated below.

Average cost of a modern 10-inch well, with pit, pump, and belt	\$2, 000
Engine and boiler, 40 horsepower, with fittings to run same and flood 200 acres	1, 200
Total	<hr/> 3, 200
Interest on above investment, at 6 per cent	\$192. 00
Deterioration on well and pump (natural life three or four years), 25 per cent per annum	500. 00
Deterioration and repairs on engine and boiler, belting, and fittings, 12 per cent	144. 00
Interest on 220 acres of land (20 acres being used for farmyard and garden and pasture), at \$30 per acre, at 6 per cent	396. 00
Interest on value of 8 mules, at \$1,400, at 6 per cent	84. 00
Deterioration and loss from disease, 20 per cent per annum	280. 00

Implements and tools.

2 gang plows, at \$65	\$130
2 disks, at \$32 each	64
2 harrows, at \$20 each	40
1 roller	40
3 wagons, at \$60	180
1 binder	175
Miscellaneous tools	75
4 sets double harness, at \$30	120
	<hr/> 824
Interest on above investment, at 6 per cent	44. 44
Deterioration, 25 per cent per annum	206. 00
	<hr/>
Divided by 200 acres	1, 851. 44 making 9. 20

Total cost of raising an acre of rice 29. 68

Natural life of a binder cutting rice in mud, three to four years, and repairs very heavy, canvas, costing per set \$13.25, usually having to be renewed twice in a season.

Natural life of a gang plow, four years, and a heavy repair bill.

LAKE CHARLES, LA., *November 16, 1908.*

MR. S. LOCKE BREAUX,

*President Rice Association of America,
New Orleans, La.*

DEAR SIR: Answering your favor of November 13, relative to the cost of raising rice in southwest Louisiana, I send you the following, taken from our books, covering a period for the past five years:

The raising of rice in southwest Louisiana is carried on on flat prairie lands, which are located in such a way that it is necessary to raise the water for irrigating the rice in the case of streams from 12 to 30 feet. The outlay in the way of machinery for pumping the water on to the rice and also for constructing the necessary canals, etc., is very heavy.

The writer has had charge of irrigating rice farms and the operation of rice canals since 1896, and at the present time is in charge of three irrigating canals, which, during the present year, irrigated over 13,000 acres.

In one case the water is raised 12 feet, in another it is raised 14 feet, and in the third case the water is raised first 16 feet, a second time 8 feet, and a third time 5 feet. This last case necessitates three different pumping plants.

The actual cost, leaving out the interest on investment, for watering an acre of land during the past year has been \$2, \$2.55, and \$3.30 per acre.

In the case where the water is lifted three times, this canal has a capacity for irrigating 10,000 acres, and the cost of machinery, irrigating ditches, rights of way, buildings, etc., was \$213,786, making an initial outlay of about \$21.37 per acre.

In the case of the 14-foot lift canal, which has a capacity for irrigating 9,000 acres, the cost of machinery, etc., was \$100,000, or a little over \$11 per acre.

In the case of the 12-foot lift, which has a capacity of 4,000 acres, the cost of canals, etc., was just under \$40,000, or \$10 per acre.

A large amount of rice is irrigated in this section from deep wells, and the writer has had charge of one well farm, including the entire farming and watering operations.

This farm has averaged for three years on the 100 acres irrigated as follows:

Labor, putting in crop, pumping water from the well, seed fertilizer, fuel, and all harvesting costs, \$2,058.27.

The capital invested, including land at \$10 per acre, also the cost of well, engine pump, farm building, fences, etc., was \$5,075.73.

Interest on this amount at 10 per cent is \$507.57. This added to the cost of labor, mentioned above, makes a total cost for one year of \$2,565.84.

The average yield for three years on this farm was 791 sacks of rice per year, which averaged \$3,254.06 a year, which, after deducting cost of labor mentioned above, leaves a profit of \$488.22.

Taking the average cost of farms farmed during the past five years by the North American Land and Timber Company, of Lake Charles, amounting in the aggregate to over some 5,000 acres, it is found that the cost is as follows:

Plowing land, per acre.....	\$2. 00
Disking and harrowing, per acre.....	. 75
Seeding and rolling and seed, per acre.....	2. 50
Looking after water and crop 90 days in summer, per acre.....	1. 80
Cutting and shocking, per acre.....	2. 00
Thrashing, sacks, and hauling to warehouse, per acre.....	4. 00
Cost of loading rough rice on the cars, insurance, storage, and warehouse, per acre.....	. 75
Cost to the farmer for water, per acre, about.....	5. 50
Interest on mules, farming machinery, and land, per acre.....	4. 00
Fertilizer.....	1. 00
Total.....	24. 30

I remain,

Very truly, yours,

H. G. CHALKLEY,
Manager.

BEAUMONT, TEX., *November 16, 1908.*

HON. JNO. CHANEY,
Beaumont, Tex.

DEAR SIR: Conforming with your request, I inclose you itemized list of expenses incident to growing rice crop of 300 acres on my farm, as follows:

Plowing.....	\$450
Preparing land for seed.....	600
Seed.....	750
Seeding.....	300
Irrigating (fuel and labor).....	660
Repairs on plant.....	75
Harvesting.....	750
Sacks.....	270
Thrashing.....	750
Hauling to boat and boating to cars.....	405
Wear and tear on machinery and stock, 10 per cent.....	665
Extra labor during flooding.....	300
Interest on investment, land and equipment.....	1, 600
Total.....	7, 575

Hoping the above will be of service to you and if at any time the undersigned can be of any service to you, call on

Yours, truly,

WM. NOURIE.

BEAUMONT, TEX., *November 16, 1908.*

Estimate of cost of raising and harvesting 100 acres of rice:

Plowing.....	\$200
Disking and harrowing.....	200
Fertilizer.....	100
Seed.....	200
Watering during flooding season.....	75
Cutting and shocking.....	250
Twine.....	36
Thrashing and sacks.....	450
Water.....	600
Interest on land at value \$40 per acre.....	320
Hauling to railroad, 3-mile average.....	125
Wear and tear to equipment.....	100
Interest on money invested, equipment, and money to put crop in with.....	200
Total.....	2, 856

AKERS & GARNER.

AMELIA, TEX., November 15, 1908.

Mr. J. C. CHANEY,
President Rice Farmers' Association.

DEAR SIR: Following is the estimate of expenses of raising a crop of 300 acres of rice at a ten-sack average:

Plowing	\$450
Harrowing	300
Seeding	750
Levying	300
Water rent	1,800
Land rent	900
Twine	90
Sacks	300
Harvesting	750
Thrashing	750
Hauling, storage, and insurance	600
Wear of machinery	300
Foreman	1,000
Total	8,290

(One-half of land is owned by Mr. Gallier.)

Yours, truly,

R. W. GALLIER.

Cost of producing rice on 400 acres, with average production of 10 sacks per acre, for the past three years, on the Neches Canal, in Jefferson County, Tex.

Plowing 400 acres, at \$1.75 per acre	\$700
Harrowing and preparing ground, at \$1 per acre	400
Planting, at 50 cents per acre	200
Fertilizing ground, at \$1 per acre	400
Seed, at \$2 per acre	800
Irrigating and repair work	200
Binder twine	120
Harvesting and shocking	800
Sacks, 4,000, at 10 cents each	400
Thrashing of 4,000 sacks, at 30 cents per sack	1,200
Hauling to warehouses on farm	200
Hauling to warehouses at China, Tex.	500
Storage and insurance	800
Irrigation, at \$6 per acre	2,400
Interest on investment in land	1,600
Interest on farming equipment	500
Total cost	11,200

The above figures are based on actual farming done by C. O. Thompson on \$25 land owned and leased by him in Jefferson County, Tex., the farm consisting of 800 acres, one-half being farmed each year.

NEDERLAND, TEX., November 15, 1908.

S. LOCKE BREAUX,
New Orleans, La.

DEAR SIR: As per your request I herewith inclose my estimate of the cost of raising rice in this State. Taking my books for the last ten years, this is just as near as I can get to the average cost of producing 1 acre of rice. This estimate is made on a 10-sack per acre crop, which, you know, is a high average. I do not make allowance for re-seeding in case the first planting doesn't come. I assure you that us

farmers share with you the worry over the present demoralized condition of the rice market. I have raised a very large crop and have never had an offer yet that would leave me a profit on my crop, so I haven't sold a barrel.

Hoping that the inclosed statement will be of some benefit to you in promoting the rice industry, I remain,

Yours, truly,

J. B. PEEK.

Average cost of producing 1 acre of rice, based on a 10-sack average.

Plowing, preparing, and seeding	\$3.00
Fertilizer	1.00
Seed	2.50
Irrigation and levee repair work	.25
Binder twine	.40
Harvest and shocking	2.00
Thrashing	3.50
Rice sacks	1.00
Hauling to warehouse	1.00
Storage and insurance	.75
Irrigation	6.00
Wear and tear on teams and tools	2.00
Interest on investment, at 8 per cent (teams and tools)	.80
Interest on investment in land	3.00
Superintending	.75
Total	27.95

Average cost per barrel, allowing 10-barrel average, \$2.95.

HOUSTON, TEX., *November 15, 1908.*

RICE IRRIGATION ASSOCIATION,

Houston, Tex.

GENTLEMEN: I herewith hand you estimated cost of production, also investment, as they concern the farmers and the canal companies of Texas. The figures are estimates gathered from careful investigation.

Cost of production to farmer on three-fifths share to farm 120 acres rice.

Investment:	
6 head stock, at \$190	\$1,140
Implements, wagon	500
	\$1,640
Annual expenses:	
Plowing, per acre	2.00
Disking, per acre	1.00
Planting, per acre	1.00
Seed, per acre	2.50
Watering, season, per acre	1.25
Cutting, shocking, thrashing, and warehousing, per acre	8.00
Depreciation:	
Stock, 20 per cent	2.50
Implements, 30 per cent	1.25
	19.50
Credit by outside work with teams, about \$120 per annum, or \$1 per acre	1.00
Net cost per acre	18.50

The prices farmer must get on yields of 6, 8, and 10 sacks per acre to pay expenses (farmer renting gets three-fifths crop): On total yield of 6 sacks his share is 3.6, at a cost per sack of \$5.14. On total yield of 8 sacks his share is

4.8, at a cost per sack of \$3.87. On total yield of 10 sacks his share is 6, at a cost per sack of \$3.08. Average yield is about 8 sacks. Farmer's investment, \$13.50 per acre.

Cost of production to canal company (watering for one-fifth crop).

	Per acre.
Fuel	\$0.80
Office management and superintendence.....	.75
Labor, plant, fields, warehouses.....	1.45
Maintenance and repairs and depreciation.....	1.50
Ten per cent interest on investment.....	1.65
Total.....	6.15

Price company must get on one-fifth crop: Total yield, 6 sacks; company's share, 1.2; cost to produce, \$5.12 per sack. Total yield, 8 sacks; company's share, 1.6; cost to produce, \$3.84 per sack. Total yield, 10 sacks; company's share, 2; cost to produce, \$3.07 per sack.

Canal company investment permanent. Average amount of investment by canal company, per acre, about \$16.50.

Investment in rice business (278,000 acres in rice in 1908):

278,000 acres, at \$30.....	\$8,300,000
Canal investment, at \$16.50 per acre.....	4,787,000
Farmers' investment, at \$13.50 per acre.....	3,753,000

Yours, truly,

BURT H. COLLINS.

CROWLEY, LA., November 12, 1908.

Mr. S. LOCKE BREAUX,

President Rice Association of America, New Orleans, La.

DEAR SIR: Replying to your inquiry of November 11, as to the membership of the Rice Association of America, the books of the association show 1,234 members.

Very truly, yours,

FRANK RANDOLPH, *Secretary.*

STATEMENT OF W. H. P. McFADDIN, OF BEAUMONT, TEX., WHO WISHES AN INCREASE OF DUTY ON BREWER'S RICE.

THURSDAY, November 19, 1908.

Mr. McFADDIN. I agree with nearly everything my associate says, but we have one proposition that I dissent with them on, and that is in regard to brewer's rice.

Brewer's rice to-day has a tariff of 25 cents a hundred pounds. I want to increase that one-half a cent a pound, or 50 cents a hundred pounds, for the reason that I do not believe the brewer is the proper man to get the benefit of this protection. I believe it should go to the farmer instead of to the brewer. Germany gets nearly all the Burma or India rice, because of the mills in Germany, the large polishing mills that finish the rice up and put it on the market. Germany will not permit the use of brewers' rice by brewers in Germany, because it comes in competition with corn and barley of their farmers and because it is not raised in Germany. Consequently, she importing this great amount of Burma or India rice, they have a very cheap price in the way of brewers' rice, and on

the top of that they have a cheaper freight rate from Germany to St. Louis than we have from Beaumont to St. Louis or from Beaumont to New York.

Now, they can bring brewer's rice into New York for about 10 cents a hundred, and it costs us by our coastwise boats and also by rail 30 cents a hundred from Beaumont, Tex., or New Orleans.

I believe New Orleans has a 25-cent rate; we have a 30-cent rate. I am a Texas man, and I am talking particularly for Texas now.

In the rate to St. Louis and Milwaukee they bring it through from Hamburg, Germany, ship it over our railroads to St. Louis for 17 cents, while it costs us 20 cents to St. Louis. They go into New York on a 10-cent rate, where it costs us 30 cents. Thereby they have overshadowed or equalized their import duty by reason of their cheap freight rates.

Mr. CLARK. Is the water rate from down in Texas to New York 30 cents?

Mr. McFADDIN. Yes, sir; and no foreign boat, you know, is allowed to do any coastwise trade. It is something we can not help. And when we talk about their shipping rice right through our town to St. Louis, foreign rice from a foreign country, cheaper than we can, they say we can not do anything about that, because it is not commerce in the United States; it is foreign commerce, and they make the rate on the other side.

The CHAIRMAN. It is a through rate, ocean and all?

Mr. McFADDIN. Yes, sir; it is through rate; that is what it is, but the railroad gets its end of it.

Mr. CLARK. When we get that 14-foot channel from St. Louis to the Gulf, you will be worse off than you are now, then?

Mr. McFADDIN. I suspect we will, so far as the brewers are concerned. I do not think the brewers need this protection. When they had it reduced a quarter of a cent a pound. We were not raising much rice in the United States, and we were selling all the rice we raised without any trouble, and we have not asked for anything. This is the first time that we have asked for anything, and my friends here, while they think it is a good thing, did not have the nerve to get up and ask for it. I have found out in my life that there are a great many things we miss by not asking for them.

Mr. UNDERWOOD. Will you explain the difference to me between brewer's rice and ordinary rice?

Mr. McFADDIN. Yes, sir; brewer's rice is the smallest rice we make; it goes through what we call a No. 12 sieve, and only has a 25 cents per hundred pounds duty.

The CHAIRMAN. It is broken rice?

Mr. McFADDIN. Yes; broken rice. Not broken rice altogether, because we have other broken rices, but none as small as brewer's rice. The brewer's rice can only be used for brewers, because it cooks up in a mush; it is like grits in reference to corn.

Mr. UNDERWOOD. It is the slack of the crop?

Mr. McFADDIN. Yes, sir; it is the lowest-grade rice we have, and they put that rice in here for about \$1.90 to \$1.92 a hundred pounds, or \$1.95 a hundred pounds. Of course that reduces our rice to about 1½ cents per pound.

Mr. CLARK. Brewers' rice occupies about the same status with reference to the rice we eat that grits bears to hominy?

Mr. McFADDIN. Yes; something on the same order.

We have, then, second head, which is half grain, three-quarter grain, and quarter grain, and then we have screenings, that come between that and the brewer's rice, and then the lowest-grade rice we have is the brewer's rice. Now, Mr. Brewer, in the first place makes his contracts over in Europe for a great amount of this rice, and he gets a cheap rate. He also sends men out in this country and makes contracts. They send a buyer down to our country that buys for these brewers. He represents that he is a broker, and he is to have 10 cents a sack off. The brewer gets that. We have to give that 10 cents a sack off as brokerage. Now, if our rice happens to be seedy they say, "Oh, well, your rice is seedy," and that knocks something off.

If we had a certain amount of red rice, they give a less price for that kind of rice.

I believe we are going to have to sell our brewers' rice this year at \$1.50. It went as low as \$1.25 and \$1.30 during 1903, when we had the big crop. We are trying down there to get about \$3 a bag for our rice this year. I have my doubts whether we will get it or not.

Mr. UNDERWOOD. For brewers' rice?

Mr. McFADDIN. No; for our rough rice; what we call the rough rice of the farmer. It is going to run from 2½ to 3¼ per barrel. We have sold some rice as high as 3½, very choice rice. That is in the rough.

Our best clean rices are bringing to-day about 5 cents a pound, and from that on down—

Mr. UNDERWOOD. What percentage of the crop is this brewers' rice?

Mr. McFADDIN. From 8 to 10 per cent.

Mr. CLARK. What do you mean by polishing rice?

Mr. McFADDIN. In the first place, our rice goes up into the fourth floor and it is cleaned, and then the hull is taken off, and then it goes through what we call our "cones," and we take off the bran, and then we send it to the brush, made out of wool, sheepskins, and it is run around in there and we take off what we call the "polish." This bran and polish is used as a by-product, as a feed, mixing with feed, and so forth. Most of the by-products go to Germany.

Mr. CLARK. Do you take it off to make it palatable, or on account of making it look better?

Mr. McFADDIN. Simply to please the eye. We take off two-sixths, I claim, of the rice in order to please the eye. The American does not care about his stomach; it is the eye we have to please. I went into the rice business about eight years ago, and I found the conditions this way and I have not tried to change the education of the people.

Mr. UNDERWOOD. If it did not run through that polishing machine, would it be white?

Mr. McFADDIN. No; it would be dark; it would be a dark, heavy-looking color, and it would not be pleasing to the eye.

Mr. CLARK. Have they not been experimenting to see if they could make paper out of rice straw?

Mr. McFADDIN. Yes; but it is a failure because wood pulp is cheaper. Wood pulp would have to get to \$17 or \$18 a ton before it will be possible to do that. This summer I was North, and I

thought I would look into the paper business and see if there was anything in it, and I went into a pulp mill in Bangor, and they told me they had \$2,000,000 invested in the plant, and they didn't know whether they would make any money this year, and I concluded I did not want to try that.

Mr. BOUTELL. What is the present rice acreage in Texas?

Mr. McFADDIN. About 250,000 acres.

Mr. BOUTELL. What was it, say, ten or twelve years ago?

Mr. McFADDIN. Ten or twelve years ago it was very little. It has grown up within the last twelve years.

Mr. BOUTELL. This entire industry?

Mr. McFADDIN. Yes; those canals and mills and all the industries. And I will state further that our rice men are not making any money. We make a little money one year and lose it the next year.

I will say further that it takes about five or six thousand dollars for a man to start out to raise rice in the rice belt. Secondly, it takes a pretty strong farmer or somebody has to back him to get him started.

Our machinery is high, our implements are high, our thrashing machines, and we have a lot of rice farmers this year that are going to lose money. Half the rice farmers in my county and State will lose money this year.

Mr. CLARK. Do you have trouble with the pigeons eating the rice?

Mr. McFADDIN. No; but the ducks and birds give it Hail Columbia. We have birds down there by the million, and I have known men to lose two to three sacks to the acre by reason of the ducks and birds.

Mr. BOUTELL. With this quarter of a million acres devoted to rice in the past ten years in Texas alone, in your opinion a repeal of this duty or diminution of the present duty on rice would work a great injury to the rice industry?

Mr. McFADDIN. No; it would simply wipe us off the face of the earth. Our plants would be shut down, and the farms would go back to waste or pasture land.

Mr. BOUTELL. It would not be injurious; it would be annihilation, you think?

Mr. McFADDIN. That is what it would be.

Another thing: About every five years we have to turn out this land on account of red rice. We have what we call "red rice." Nobody knows how it comes or anything about it, but it comes along and takes possession of our fields, and it gets so red we have to turn it out in order to get rid of it. It has to be plowed under in order to get thoroughly rid of it then, and they let it come up and graze it off. That is the only way to do.

And then, the irrigation of this property, holding the water on it so long, from 3 to 6 inches deep, from about ninety to one hundred days, that has a tendency to diminish the soil. Usually the first three crops that we get off our rice farms are the best, and then it begins to diminish, and not being in the business long, we are doing pretty well, because we had all new land, and instead of raising 8 and 10 sacks to the acre, we have been raising from 10 to 14 sacks to the acre. But now our lands are deteriorating, and we have to fertilize, and it is going to take several years of fertilization to keep up.

Mr. UNDERWOOD. What do you say you make an acre on rice?

Mr. McFADDIN. About \$4 an acre would be an average price to make on land, but lots of farmers this year will not make that—

Mr. UNDERWOOD. You say you are in a business where you are only making \$4 an acre on your land?

Mr. McFADDIN. Lots of the farmers won't make that much.

Mr. UNDERWOOD. Is that the average?

Mr. McFADDIN. Four dollars?

Mr. UNDERWOOD. Yes.

Mr. McFADDIN. It has been up to the present time, on account of our lands being new and the prices being very good. Now, prices have gone down, and the lands have gone down, too.

Mr. UNDERWOOD. Is there not better agricultural business in Texas than raising rice at \$4 an acre profit?

Mr. McFADDIN. No, sir; there is nothing any better than that that I know of. It is very good, but it is a very risky business.

Mr. UNDERWOOD. Four dollars an acre is very good, you think?

Mr. McFADDIN. Yes, sir.

Mr. UNDERWOOD. Do you not make a great deal more than that?

Mr. McFADDIN. I mean this: Where a man goes and rents the land and buys the water. The majority of our rice farmers do not own a foot of land, and won't buy it.

Mr. UNDERWOOD. But my question is, How much do you make, not counting the rent of the land? What profits do you make on the land that go toward paying the interest on the investment?

Mr. McFADDIN. Half of my farmers this year will make money and the other half won't. I can not tell you how much they will make—

Mr. UNDERWOOD. But, on an average, how much do you make?

Mr. McFADDIN. From \$4 to \$5 an acre would be a big average for a farmer to make in my country who rents land.

Mr. RANDELL. How much of this rice that you class as brewer's rice do you produce in this country?

Mr. McFADDIN. About 10 per cent of the 5,500,000 bags.

Mr. RANDELL. About 10 per cent?

Mr. McFADDIN. Yes, sir. We can increase that by putting screenings in it.

Mr. RANDELL. How much is imported?

Mr. McFADDIN. I don't know.

Mr. RANDELL. What other uses could you make of that rice?

Mr. McFADDIN. None that I know of.

Mr. RANDELL. Could you use it for hog feed?

Mr. McFADDIN. We could use it for hog feed at a cent and a half or 2 cents a pound, and we could not do that because it is too high.

Mr. RANDELL. You say a half a cent a pound is what you want as the duty on it?

Mr. McFADDIN. Yes; instead of a quarter. It is a quarter now.

Mr. RANDELL. In reference to your freight rates, have you tried to get any relief from the Interstate Commerce Commission?

Mr. McFADDIN. My understanding is, this being a foreign rate made across the water, a through rate, that the Interstate Commerce Commission could not handle it.

Mr. RANDELL. You think you are at the mercy, then, of parties who contract abroad?

Mr. McFADDIN. Yes.

Mr. RANDELL. And you say they can deliver cheaper from foreign countries to St. Louis, and go by rail from Galveston, than you can send your rice by rail from Galveston to St. Louis?

Mr. McFADDIN. Yes; that is what I say.

**JOHN B. HARDY, NEW YORK CITY, WRITES RELATIVE TO
REPREHENSIBLE METHODS CLAIMED TO BE EMPLOYED BY
FOREIGN RICE MILLERS.**

NEW YORK, *November 30, 1908.*

HON. JOHN DALZELL, M. C.,
Committee on Ways and Means,
Washington, D. C.

DEAR SIR: The following, which is a copy of a letter which appeared in the *Rice Industry*, published at Houston, Tex., under date of December 31, 1906, may be useful to your committee when the matter of making rice tariff schedules comes up, bearing as it does on what may be rightly termed reprehensible methods adopted by foreign millers in order to enable them to compete with our home product:

HOUSTON, TEX., *December 16, 1906.*

MR. JOHN B. HARDY,
Houston, Tex.

DEAR SIR: In answer to your letter, beg to state that I was employed five years by Rickmers, Reismuehle, Rhederie & Schiffbau, A. G., in Bremen, Germany, the largest rice mill in Europe, if not in the world, and sometimes milled rice from different parts of the world which in my opinion were sweepings or scrapings badly weeviled and damaged, which of course I believe were gotten for a song, but were doctored up by some artificial process, as bleaching, colored with indigo blue—which, by the way, was mixed with white sand to make the coloring process run uniform. Of course the sand would come within the rice and a gain in weight in proportion would result; then, to give it a luster, paraffin, glucose, and some kinds of mineral oils were applied to it. Most of this rice was intended for export for the United States, I understand for brewing purposes, as there was no demand for such character of rice in Germany.

As to your question about table rices, would say that all of these rices are also treated with paraffin, glucose, mineral oils, etc.; also with indigo and sand, but the sand comes out in the course of separating in different sizes, this being done to conceal the defects of the rices which have been stack burnt and damaged and also infected with worms and weevil, which generate in rice when coming on long ocean distances. Rices in this way are enhanced in monetary value, but depreciated, of course, from a food value standpoint; this same being done to the effect that much of the valued nutriment called "protein" is eliminated in the process of milling.

Besides shipping this rice to the United States, large parcels are shipped to Cuba and Central and South American countries from the mills of Germany, England, and Holland. I would say that rice treated in this way is less liable to become infected with insect pests on the voyage. The people who consume this rice would prefer, for reasons heretofore stated, to get the rice that is not treated, as they are obliged to substitute a food containing the protein which is eliminated.

It would occur to me that on account of the short distances the rices shipped from the United States would be preferred by the countries named above, as rice shipped from the United States would not have to be treated in order to assure its arrival in sound and merchantable condition. The trade of Cuba, Porto Rico, Central and South American countries amounts to double the entire production of this country this year, which is estimated at 4,000,000 barrels of 162 pounds each.

"This," said Mr. Hardy, commenting on this letter to a *Rice Industry* reporter, "is highly suggestive of recent packing-house scandals, and it is up to the United

States Senators and Representatives from Texas and Louisiana to see that rice of this character should be prohibited from coming into this country when the pure-food bill goes into effect on January 1.

"Our imports of rice for the past twelve months amount to over \$4,250,000, and these shipments are coming in even now when our farmers are compelled to store their rice for want of a market. It would seem that it is up to the irrigation people, farmers, millers, and all people interested in the development of rice to see that a halt is called on goods of this description coming into this country. It should be a warning to them against a repetition of the conditions that prevailed in 1904 and 1905, when for the want of a market at home (due to the fact that foreign contaminated rices were coming into the country) the domestic article, amounting to 200,000,000 pounds, was dumped at such a loss abroad that 200,000 acres of the finest land, fully equipped with canals, pumping stations, etc., were put out of business. This, indeed, is an object lesson and should be the first question to be considered at the next meeting of the Texas Rice Farmers' Association."

Respectfully submitted.

JOHN B. HARDY.

NEW YORK, *December 1, 1908.*

HON. JOHN DALZELL,
Committee on Ways and Means,
Washington, D. C.

DEAR SIR: Referring to the brief submitted yesterday on the subject of impure foreign rices coming into this country, would further add that from a cost of production standpoint (which, according to my interpretation of a protective tariff, should mean the cost laid down to the consumer) it may be useful to your committee to know that a comparison of freight rates between domestic common milling centers and foreign milling centers shows that the latter have an advantage in rates of freight to the principal consuming or distributing points in this country of at least 75 per cent—meaning that the present tariffs on rice are misleading and do not protect or afford the protection necessary to develop what should be one of the greatest industries in this country. By this I infer that the low rates of freight enjoyed by the foreign millers offset to a large extent the brewing and other purposes the present duty of one-fourth of a cent per pound is entirely nullified. This irrespective of the fact that about 75 per cent of the rices imported for consumption in this country are extraneously treated and in direct violation of the present pure-food law.

The following, regarding the future needs of the rice industry, which appeared in the Rice Industry under date of December 1, 1907, also in the American Economist, may be useful to you in arriving at an intelligent idea as to necessary legislation required by the rice industry:

[From the Rice Industry and American Economist.]

HARD ON RICE GROWERS.

A well-informed correspondent writes as follows:

"The monthly summary for July, 1907, shows the imports of rice (all of which was more or less extraneously treated with deleterious substances and in direct violation of the pure-food law) to be 209,603,203 pounds, valued at \$4,203,146, as against the corresponding period for 1906 of 166,547,957 pounds,

valued at \$3,082,203. This, notwithstanding that there are at the present time nearly 500,000 acres of the finest rice lands in the world, fully equipped with canals, pumping stations, etc., now lying idle and capable of producing 1,000,000,000 pounds of the highest-grade rice in the world. It may interest you to know that Cuba, practically at our door, purchased over 2,000,000 bags (200,000,000 pounds) of more or less extraneously treated rices from Great Britain and Germany during the last year, paying for the same good American money.

"Here is one instance of not too high tariff. Also an instance where the tariff needs reinforcing by more stringent pure-food regulations. Cuba buys unwholesome surface-coated rice abroad out of the \$48,000,000 a year which our foolish reciprocity arrangement adds to her stock of money. Free trade with the Philippines products would dump on the American market the yield of a million or more acres of rice lands worked with labor getting 10 cents a day. Altogether, the rice growers of the United States do not seem to be getting a square deal."

Respectfully submitted.

JOHN B. HARDY.

NEW YORK, *December 3, 1908.*

HON. JOHN DALZELL,

*Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: As to ways and means of bringing about what should to-day be one of this country's greatest industries, I beg to suggest the following changes in the rice tariff schedule:

Table rice (commercially known in this country as cleaned): That the present duty of 2 cents per pound be increased to $2\frac{1}{4}$ cents per pound (formerly the rate, and which, in my opinion, should not have been changed).

Broken rice: To be increased from the present rate of one-fourth cent per pound to a rate of three-eighths of a cent per pound, which approximately would be equivalent to the former ad valorem rate of 20 per cent—this being calculated on a cost price of 1.7 cents per pound f. o. b. at port of shipment for the past fifteen years.

Relative to the gauge of the wire sieve (commercially known as No. 12) through which the present rices known as "broken" must pass in order to be admitted at one-fourth cent per pound, I would strongly recommend the adoption of a sieve of a coarser mesh, say a No. 10 or 11, thus preventing the foreign miller from using undetectable deleterious and extraneous matters in the process of grinding or granulating in order to make the color of the product look more uniform and thereby conceal the defective properties of the rice, which, I may add, could be detected should a coarser-mesh sieve be adopted.

Rice flour: This product, which was formerly used for brewing purposes, but now being almost used exclusively by confectioners, and on which the present rate of duty is one-fourth cent per pound, should be, in my opinion, increased to three-fourths cent per pound.

Should you so desire, I will submit a copy of a brief, supplemental to an address made by me in the office of the Secretary of Agriculture, covering the methods of treating foreign rices in the process of milling, which will be useful to your committee from a tariff point of view.

Yours, respectfully,

JOHN B. HARDY.

**BRIEF BY RICE PRODUCERS ASKING FOR INCREASE OF DUTY ON
BREWER'S RICE TO A HALF CENT A POUND.**

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We advocate the raising of the duty on brewer's rice from a quarter of a cent per pound to one-half cent per pound for the following reasons:

We think that if anyone should be protected in this matter it should be the farmer, in preference to the brewer. The brewers make large contracts for foreign or German rice, and they have a freight rate from Hamburg to New York of about 10 cents per hundred pounds, while the freight rate from Beaumont, Tex., and other interior points in Texas is 30 cents per hundred pounds. The duty that the brewer pays of a quarter of a cent per pound is very nearly overcome by the difference of freight rates on the foreign rice into the United States. The rate on brewer's rice from Hamburg, Germany, to St. Louis, Mo., is 17 cents per hundred pounds, while the freight rate from Texas points to St. Louis on the same character of rice is 20 cents per hundred pounds. Germany imports all of the rice which she mills from Burma, India, where they have no wage scale, but where rice is raised by families and communities, which, taking out what they need for home consumption, is dumped into foreign markets for what it will bring. Germany also prohibits the using of broken rices for making beer, for the reason that it comes in competition with barley and corn produced in their country, rice being a foreign product and not being produced in Germany at all. Hence, it is necessary for the German miller to find a market for the brewer's rice that necessarily accumulates in the milling of rice. Therefore, he tries to make a dumping ground of the United States for this product. They deliver the German rice at from \$1.90 to \$1.95 per hundred pounds to the United States brewers.

The breweries of the United States are the ones that use rice for brewing purposes—do not have to have rice in the brewing of beer, but use it as a clarifier in the place of corn and barley. If the rices get too high, they can easily switch to corn, which would be a benefit in creating a demand for our farmers over the foreigner's rice. It would not increase the cost of the beer to the public in the United States. Therefore we ask that the farmer be entitled to this protection.

Very respectfully submitted.

W. H. P. McFADDIN.
JOHN N. SIMPSON.
BURT H. COLLINS.
JOHN C. CHANEY.

**PORTLAND RICE MILLING COMPANY, PORTLAND, OREG., SUG-
GESTS A REDUCTION IN THE DUTY ON RICE.**

PORTLAND, OREG., *December 1, 1908.*

HON. S. E. PAYNE,
*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: In taking up the tariff on rice and its products, it would appear to us that the duties might be reduced without causing the

slightest degree of injury to the industry in this country, confined more particularly to Louisiana and Texas.

For some years past the local southern product on some grades of rice has been very nearly as low as similar grades in the Orient, without considering the duty. At the present time the selling price of raw rice at Texas and Louisiana points is lower than the same grade of raw rice in Japan and Korea. It would, therefore, seem unnecessary that such a high rate of duty should be enforced as at the present time, and, we are firmly convinced, duties on the basis of $1\frac{1}{2}$ cents per pound on cleaned rice, three-fourths cent per pound on uncleaned (termed "brown" rice), one-half cent per pound on paddy, and 20 cents per 100 pounds on broken rice would, without injuring the industry in this country, enable the people of the Pacific coast to secure their product without so great a burden.

Very respectfully, yours,

PORTLAND RICE MILLING Co.,
T. M. STEVENS, *President*.

HON. J. KALANIANA'OLE, DELEGATE FROM HAWAII, CALLS ATTENTION TO AN ALLEGED DISCREPANCY IN THE DUTIES ON CLEANED AND UNCLEANED RICE.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The attention of your committee is called to the discrepancy existing between the present duty of 2 cents per pound on cleaned rice and that of only $1\frac{1}{4}$ cents on uncleaned rice.

The duty of 2 cents on cleaned rice is evidently the basing rate, and the American growers have already asked that this rate be continued in the new tariff law. The rate of $1\frac{1}{4}$ cents on uncleaned rice was presumably intended as an equivalent to the rate on cleaned rice, but it has not proven so in practice.

The only differential that should be made between cleaned and uncleaned rice is the loss in weight by cleaning or polishing. This loss in weight is only from 8 to 10 per cent; therefore the differential on uncleaned rice should only be, at most, 10 per cent of the duty on cleaned rice, or two-tenths of a cent per pound, making the equivalent duty on uncleaned rice 1.8 cents per pound instead of 1.25 cents.

The reason for this basis of equivalent is that both the loss in weight and the cost of polishing are fully covered in the lower price at which the unpolished rice is imported; therefore the only difference that should be made in the tariff is to cover the loss in weight of the rice upon which the duty has been paid, and this is fully met by an allowance of 10 per cent of the duty on cleaned rice.

Because of the present inequality in the rice schedules the most of the rice imported to this country is in the form of unpolished rice in order to obtain the lower duty.

In Hawaii about 24,000,000 pounds of Japanese rice are imported annually, and practically all of it is entered as "uncleaned" rice. The result is that this Japanese competition is destroying the rice-growing industry in Hawaii. It is also making an unreasonable competition for the rice growers of the mainland.

As it was evidently the intention of the Dingley Act to give American rice growers a protection of 2 cents per pound on cleaned rice, which rate was designed as the basic rate on rice, we ask that the rate on uncleaned rice be fixed at the proper equivalent of, say, 1.8 cents per pound.

J. KALANIANA'OLE,
Delegate from Hawaii.

HUGO REISINGER, NEW YORK CITY, IMPORTER, OBJECTS TO SUGGESTED INCREASE OF DUTY ON BREWERS' RICE.

NEW YORK CITY, *December 15, 1908.*

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives.

GENTLEMEN: I am an importer of various articles. My office is at 11 Broadway, in the city of New York.

Among other articles which I import is broken rice, which I sell to brewers. This is a by-product, and by reason of the fact that it is practically exclusively used by brewers, is commonly known as "brewers' rice." It is not, however, so described in the tariff, but is designated in the tariff as "broken rice which will pass through a sieve known commercially as 'No. 12 wire sieve.'"

In the McKinley tariff of 1890, the Wilson tariff of 1894, and the Dingley tariff of 1897 this article has always been provided for by the same designation and at the same rate of duty, viz, one-fourth cent per pound. On January 5, 1897, a committee representing the rice industry appeared before the Committee on Ways and Means of the Fifty-fourth Congress and stated (tariff hearings before the Committee on Ways and Means, second session Fifty-fourth Congress, 1896-97, vol. 1, p. 852):

What we ask for is that the duty shall be as follows, namely, * * * broken rice which will pass through a sieve known commercially as a "No. 12 wire sieve," one-fourth of 1 cent a pound.

The position of the rice industry appears to be the same to-day that it was in 1897, for we find in the statement of S. Locke Breaux, president of the Rice Association of America, to your honorable committee on Thursday, November 19, 1908, the following:

The foregoing premises considered, the rice interests of these United States of America pray and ask that the present tariff conditions, in so far as they affect rice, be not disturbed.

It would seem that when a duty has been unchanged for eighteen years, and the parties interested in the products in this country have twice asked that the duty be undisturbed, and no one has appeared before your honorable committee requesting a lowering of the duty, there was a very strong presumption that the public interests would be best served by making no change in the tariff.

But a gentleman who appeared before your committee at the hearing on November 19, Mr. W. H. P. McFaddin, of Beaumont, Tex., suggested an increase of the duty on brewers' rice and asked to have it doubled. The reason he gave was that he did not believe the brewer was the proper man to get the benefit of this protection, but that he

believed that it should go to the farmers. He frankly stated his position in the following language:

This is the first time that we have asked for anything; and my friends, while they think it is a good thing, did not have the nerve to get up and ask for it. I have found out in my life that there are a great many things we miss by not asking for them.

He admitted that brewers' rice was from 8 to 10 per cent of the crop. He admitted, also, that he did not know how much brewers' rice was imported.

In behalf of the importing interests, and more especially in behalf of the brewers of the United States, I beg to submit the following suggestions in reply to Mr. McFaddin's request, in which the rice trade "did not have the nerve" to join:

Brewers' rice is sold in bags of 240 pounds each. The consumption of rice by the brewers in the United States is about 600,000 bags, of which 20 per cent is supplied by the rice growers of the United States.

The increase of duty demanded by Mr. McFaddin would be prohibitory, as the brewers could not afford to pay the increased price. They would use other cereals in the manufacture of beer, as is done in other countries, and the Government would lose a revenue of a quarter of a cent a pound on about 480,000 bags, equal to \$288,000.

As the brewers could not afford to pay the price for imported rice at the proposed increased duty, neither would they pay the increased price for domestic rice, and if they turned to other cereals for beer manufacture they would probably not buy the domestic rice at all, whereby the rice industry here would lose this market for this product and the Government would lose its revenue. The railroads also would lose the revenue from the freight charges on the rice.

Mr. McFaddin is not correct in his statements as to comparative freight rates on the imported and domestic article. The through freight from the producing points in Europe to St. Louis is 25 cents. The freight from Texas producing points to St. Louis is 20 cents. The freight rates from producing points in Europe to St. Paul is 34 cents. The freight rates from Texas to St. Paul is 24 cents. The domestic rates are therefore lower than European producing points, and not higher, as represented by Mr. McFaddin.

The present specific rates on cleaned rice amount to from 75 to 100 per cent ad valorem. This would seem to be adequate protection to the farmer, and he should be thankful that nobody is opposing his having it without asking the Government for more.

HUGO REISINGER.

ADLER & HIRSCH, OF NEW YORK CITY, THINK THAT THE DUTY ON BREWERS' RICE SHOULD BE REDUCED.

15-25 WHITEHALL STREET,
New York, January 11, 1909.

HON. SERENO E. PAYNE,
Committee on Ways and Means,
Washington, D. C.

DEAR SIR: We understand that a rice miller from the South has appeared before your committee asking for an advance of duty on imported brewers' rice.

Imported brewers' rice is the purest and most nourishing article used in the manufacture of beer, and any increase of duty would prohibit its use. It can not be used unless at a certain price.

This brewers' rice is a by-product made by the rice mills in Europe, and is produced in our country only in very limited quantities, and very often not at all.

In the polishing process of the rice grain in Europe some of the grains break, and such broken grains are called "broken rice." This broken rice is then granulated in the very smallest form in order to pass our custom sieve, containing 12 meshes to the inch, in this way making it impossible to use such granulated brewers' rice for anything else but brewers' purposes.

It is very fortunate for our mills in the South that domestic rice breaks but little in comparison with foreign rice, and for this reason they at most times have no broken rice at all. But if at any time they should have such broken rice, which of course is in quality exactly the same as the rice used for table purposes, it would be in our opinion a great disadvantage if such broken rice should be used for brewing purposes, as there is no better article in the market for eating purposes than such broken rice, and it is for this reason we believe the brewing industry, as well as the country at large, would be greatly benefited by a reduction of duty on imported brewers' rice.

Very respectfully, yours,

ADLER & HIRSCH.

WHEAT AND WHEAT FLOUR.

[Paragraphs 234 and 235.]

STATEMENT OF FRANK F. HENRY, OF BUFFALO, N. Y., MANAGER OF THE WASHBURN-CROSBY COMPANY.

FRIDAY, *December 4, 1908.*

Mr. UNDERWOOD. What are your paragraphs?

Mr. HENRY. Paragraphs 234 and 235.

The CHAIRMAN. Proceed.

Mr. HENRY. Representing 14 of the principal flour mills of New York State and the seaboard, with a daily capacity of over 30,000 barrels of flour, this appearance is made to call the attention of your committee to the fact that American mills are losing their hold upon a valuable foreign trade through the entry of French and German mills into the markets of Scandinavia, Holland, Belgium, and the United Kingdom. The millers of France and Germany, and more particularly the latter, are favored by their governments with tariff regulations which amount in effect to a bounty, and result in Germany, for instance, being able to import American wheat and export the product therefrom at a price laid down in the above-mentioned markets with which we are unable to compete. The growth of this competition is evidenced by the increase in importations by Germany of 100,000 bushels of American wheat in 1904 and 1905, and 12,000,000 bushels in 1907 and 1908.

Our mills are located directly on the route of Canadian wheat from northwest Canada to Europe, and the only relief under which we will guarantee to hold our own in European markets is a more liberal tariff act, which will permit us to tap this stream of wheat, grind it in our home mills, export the finished product, and retain upon payment of duty the nonexportable by-products, greatly to the benefit of our farmers. We ask for no remission or reduction of duty. We believe the American farmer is entitled to the protection afforded his wheat by the present tariff, but we wish simply to manufacture in this country and export as a finished product the raw material that is now passing through in bond to be manufactured abroad.

Mr. BONYNGE. What material are you talking about?

Mr. HENRY. Wheat.

Mr. DALZELL. That is another thing altogether.

Mr. HENRY. The Treasury Department has recently ruled that flour may be imported to this country, mixed with our domestic flour, and upon exportation be entitled to drawback of duty paid. This ruling benefits the Canadian miller but creates new competition for the American miller. We understand that our present tariff act does not permit a ruling that would permit us to grind foreign wheat in this country and retain the by-products, which can not be successfully exported, and it would appear that some change in the act conferring this authority is necessary.

We ask for no change in the tariff, but we ask for a change in the act that will permit a ruling that will allow American millers to grind Canadian wheat, either in bond or under the drawback act.

Mr. DALZELL. Is that the same subject that was contained in a bill introduced by Mr. Stevens, of Minnesota?

Mr. HENRY. Partially in Mr. Stevens's bill and another bill introduced by Mr. Lovering. The present law, we think, is perfectly satisfactory to us, provided it can be broadened somewhat so that rulings may permit us to grind this wheat and export the flour and retain the by-products in this country upon payment of the duty, the by-product not being exportable because of its bulky character and its imperfect keeping qualities.

The CHAIRMAN. Are there any questions?

Mr. UNDERWOOD. What is the duty now on the importation of the by-products?

Mr. HENRY. It is 25 per cent ad valorem.

Mr. UNDERWOOD. There is a duty of 25 per cent ad valorem?

Mr. HENRY. Yes, sir.

Mr. UNDERWOOD. In other words, you want the Government to give to the mill the 25 per cent ad valorem?

Mr. HENRY. We do not. We do not ask that. We are willing to pay it.

Mr. BONYNGE. To pay the duty on the by-products?

Mr. HENRY. Yes, sir.

Mr. CLARK. If the Canadians import it, why can you not export it?

Mr. HENRY. I presume we could. They do not import it.

Mr. CLARK. Did you not say just a while ago that you could not export it on account of its bulk and lack of keeping qualities?

Mr. HENRY. The Canadian grows the wheat which makes this offal, which he retains in his country, and he ships his flour into this

country, and his mills retain the benefit from the manufacture of the flour, and those farmers obtain the benefit.

Mr. CLARK. When you manufacture you retain the offal, so our farmers get the benefit of that?

Mr. HENRY. Yes; and we wish to bring in more.

Mr. CLARK. You want to bring in more?

Mr. HENRY. Yes, sir; we want to bring in more of the offal.

Mr. DALZELL. Have you discussed section 30?

Mr. HENRY. It is covered by the same thing, practically.

Mr. CLARK. You people up there want free trade with Canada, do you not?

Mr. HENRY. We do not object to it; we are not asking for it at all.

Mr. CLARK. I know; but you do want it—down in the bottom of your hearts?

Mr. HENRY. No; the miller would like to have free trade on offal, but he thinks the farmer is entitled to protection on his wheat and he is willing to give it to him.

Mr. CLARK. You do not need it?

Mr. HENRY. We do not need it. We have never had any government assistance.

Mr. CLARK. Nearly all those who are raising wheat in the north-western British possessions are Americans who have gone over there, are they not?

Mr. HENRY. A great many of them are; yes, sir.

Mr. CLARK. Nearly the whole outfit?

Mr. HENRY. Yes, sir.

Mr. CLARK. Fixing to bring that country into the United States, are they not?

Mr. HENRY. I can not speak for them.

The CHAIRMAN. I do not think you ought to give it away, if they are.

Mr. CLARK. That is exactly what they will do; exactly what they did with Texas.

CASEIN AND LACTARENE.

[Paragraph 594.]

EVERETT W. BURDETT, OF BOSTON, WISHES LACTARENE OR CASEIN TO REMAIN ON THE FREE LIST.

THURSDAY, *November 19, 1908.*

Mr. BURDETT. Mr. Chairman and gentlemen, I want to present to your consideration an article that you will not find either among the dutiable articles in the tariff law or in the free list; that is, you will not find it under its true designation, as "casein." You will find it under another name, "lactarene," as article 594 on the free list.

Mr. GRIGGS. Casein and lactarene are not the same thing?

Mr. BURDETT. They are the same thing.

The CHAIRMAN. Proceed.

Mr. BURDETT. Casein is a product of skim milk, which, being soured either by the processes of nature or by the action of a chemical, is precipitated, dried, ground, and finally becomes an article which

is used in various manufactures, but perhaps principally—and the use in which I am interested—and for which I now appear—in the manufacture of highly coated papers. Coated papers are what the ordinary layman would perhaps call glazed papers. They are the very smooth-surfaced papers which are used in magazines, for the printing of illustrations, and are used in the Government Printing Office for the printing of high-grade publications. It is an article, therefore, in which all paper manufacturers of the country who are engaged either in whole or in part in the manufacture of so-called coated papers are very much interested. In order that you may know the people who are interested in this subject at this moment before your committee, I should say that I came here to represent the following: The Champion-International Company, with mills at Lawrence, Mass.; S. D. Warren & Co., with mills at Cumberland and Westport, Me., and offices at Boston, and the West Virginia Paper Company, which has its mills in West Virginia and its offices in New York. These three companies alone have a combined capitalization of something like \$20,000,000. I have, however, been requested to represent as well the members of the so-called National Association of Surface Coated Paper and Board Manufacturers, which has a membership comprising the following concerns: Louis De Jonge & Co., New York City; Niagara Surface Coating Company, Niagara Falls, N. Y.; Wabash Coating Mills, Wabash, Ind.; Nashua Card, Gummed and Coated Paper Company, Nashua, N. H.; Merrimac Paper Company, Lawrence, Mass.; Doty & Scrimgeour, New York City; United States Printing Company, Montclair, N. J.; Martin Cantine Company, Saugerties, N. Y.; E. G. Locke, Camden, N. J.; Dill & Collins, Philadelphia, Pa.; Riverview Coated Paper Company, Kalamazoo, Mich.; Holyoke Card and Paper Company, Holyoke, Mass.; Pepperell Card and Paper Company, East Pepperell, Mass.; United Manufacturing Company, Holyoke, Mass.; Pawtucket Glazed Paper Company, Pawtucket, R. I.; Champion-International Company, Lawrence, Mass.; A. M. Collins Manufacturing Company, Philadelphia, Pa.; National Coated Paper Company, Pawtucket, R. I.; Rhode Island Cardboard Company, Pawtucket, R. I.

You will notice, gentlemen, that these mills are not interested in the production of news paper, but only in the production of the high-class coated or glazed paper, to which I first referred. There has been some apparent endeavor before your committee on the part of various gentlemen to whom I have listened to get into the class of those who are speaking for the consumers; and while there has been some doubt thrown on the status of everybody who has yet advanced that claim, it is perfectly apparent that I, at any rate, appear for the consumer, and the consumer only, to wit, these numerous and important manufacturing corporations who depend very largely on the use of this casein as an essential element in the manufacture of their goods. The importance of this article—casein—will be shown by a very few figures. The Champion-International Company, of Lawrence, Mass., consumes in the course of the year about 1,700,000 pounds; S. D. Warren & Co., of Boston, Mass., consume in the neighborhood of 1,500,000 pounds; and the West Virginia Paper Company, being the third of the three companies for which I particularly appear, has a consumption of about 600,000 pounds, making an aggregate consumption of nearly 4,000,000 pounds by these three con-

sumers alone. The ruling rate for that article is about 8 cents a pound, and our three mills therefore invest per annum in that one article essential to the manufacture of their product about \$300,000. The duty which it has been attempted to impose upon this article, and concerning which I wish to say a few words a moment later, is at the rate of 20 per cent ad valorem. Assuming that the 8 cents per pound is a price which covers the duty, it follows that the duty would be about $1\frac{1}{2}$ cents a pound; and applied to the consumption of these three mills alone, it shows that in duties, if this article were subject to duty, they would pay about \$50,000. Beginning as far back, I think, as 1899, there was an attempt made, nominally, at any rate, in behalf of the Government of the United States, to impose upon the importation of this article a duty, as I have said, at the rate of 20 per cent ad valorem. The right to impose that duty has been contested from the beginning, and it is an interesting circumstance that since this week began the circuit court of the United States for the southern district of New York has determined—at any rate for that jurisdiction—that the duty can not be imposed, on the ground that “casein” is nothing but another name for “lactarene,” which is on the free list, being the only article named in section 594.

Mr. UNDERWOOD. You want casein to continue on the free list?

Mr. BURDETT. The object of our appearance is to make sure that the committee understand the desire of the people whom I represent, and appreciate the importance of keeping this upon the free list.

Mr. GRIGGS. What do you make out of casein?

Mr. BURDETT. I will answer that in a moment. More than that, we desire that the word casein, as such, shall be inserted in connection with lactarene. I think the real way to do it would be to add the words “or casein” after “lactarene,” because I think the result of the litigation thus far shows that “casein” is merely another name for “lactarene.” I think you asked me what we made out of casein?

Mr. GRIGGS. What is made out of it?

Mr. BURDETT. What is made out of it?

Mr. GRIGGS. Yes.

Mr. BURDETT. It is a product of milk, as I said. It is practically nothing in the world but skim milk which has been soured, dried, pulverized, and is then ready for use not only in the manufacture of this glazed paper, or rather for use in glazing paper which has already been manufactured, but is also used in confectionery, and as glue stock, and as a substitute for albumen in some cases, and as a substitute for other minor articles. I do not recall now just what. In order that the record may be clear as to casein being nondutiable under the present law, I would like to name the cases in which that has been determined. The first case was that of the Merchants' Dispatch Transportation Company *v.* The United States (121 Fed. Rep., 443). The second case was that of the Ducas Company *v.* The United States (143 Fed. Rep., 362). The next case was that of the United States *v.* Brownell (159 Fed. Rep., 219); and that is the case which has during the current week been sustained in the circuit court of appeals in the city of New York.

Mr. CRUMPACKER. It is clearly established by the decisions of the courts now that under the term “lactarene” casein is admitted free of duty?

Mr. BURDETT. Yes.

Mr. CRUMPACKER. So that there is no question or controversy about that now?

Mr. BURDETT. No, sir; except so far as it is possible, if it is possible, to review the decision by a writ of certiorari to the Supreme Court of the United States.

Mr. CRUMPACKER. It is suggested in a memorandum that I have here that "lactarene" be dropped and "casein" substituted.

Mr. BURDETT. I think that would be of doubtful propriety, although I am not prepared to say it would not be proper, because lactarene is a substance that has been known in the trade since 1848. A Scotchman invented what one of the encyclopedias says he very inaptly termed "lactarene." It appears that that commodity under that name got into use in the United States and continued to be known by that name down to a comparatively recent time. There were certain difficulties in the use of lactarene at that time which are not at present known—for instance, the presence of an abnormal proportion of fat—but finally there was organized in this country a company known as the Casein Company of America, and, as nearly as I can make out from the record which is open to us in this connection, that company pretty nearly coined this word "casein."

Mr. HILL. What is the cost of making this article and what is the total production in the United States?

Mr. BURDETT. I can not tell you; I have no figures; but I am proposing to show directly that the production in this country is not only insufficient to meet the needs of the paper manufacturers, but the conditions are such that its supply can not be increased.

Mr. HILL. You do not know how many factories there are making it?

Mr. BURDETT. I can not tell you that; no, sir.

Mr. HILL. I mean independent factories.

Mr. BURDETT. There are practically no independent factories. This Casein Company of America and one other concern have, as I am informed and believe, a practical monopoly of the furnishing of casein in this country, and that is a fact which I think is of some consequence in this connection. I have in my hand a brief in the case of the United States, appellant, v. Brownell, in the circuit court of appeals in New York, in which there is this statement, which I think is in accordance with the fact, the statement being made by the Government:

It is submitted that this fact alone, to wit, that both of these large companies (and the only companies practically engaged in the business) are known as "casein" companies, and that they are dealing with a commodity which is actually and commercially at all times and under all circumstances called "casein" is sufficient to justify the Government in its contention herein.

Mr. HILL. Is the reason that they control the product, or is it a patented product?

Mr. BURDETT. It is patented, too. That is a circumstance to which I shall also refer directly. The Casein Company of America holds quite a number of patents, and they have used the ownership of those patents for many years in connection with this litigation, attempting to impose a duty upon this article which has turned out to be nondutiable to exclude from the market practically everybody

but themselves. I do not know that I should have said very much about that if my attention had not been called to it.

Mr. GRIGGS. Do you mean to say that the Casein Company of America is trying to drive out lactarene?

Mr. BURDETT. No, sir; it is trying to control the market for casein, because casein is the only article that anybody is particularly interested in. I doubt whether lactarene is of commercial interest to anybody, but lactarene in the form of casein is of large interest.

I want to state what I believe to be the fact. This Casein Company of America—and I am finding no fault with it, in a way—has the monopoly of this business in this country, and to all intents and purposes we are dependent for the production of our article upon its furnishing us casein at this moment, and, so far as we know, in the immediate future, and we therefore perhaps put ourselves in some position of peril to be here advocating the putting of this article on the free list; and yet the importance of it is so great to those in this industry—manufacturing paper—that we desire to do this. In 1894 an extraordinary incident happened in connection with this litigation. The Casein Company of America was itself conducting a case before the United States Board of General Appraisers, in New York, contesting the dutiability of this article. As the appraisers say in their decision, which is public property, of course, after the board had come to a decision that the article was not dutiable and that the protest was to be sustained, they received a request from this very company, the complainant or the protestant in that case, asking that they be allowed to withdraw their protest; and they say significantly in their decision, "We are unable to state the reason why this extraordinary request was made at this extraordinary time"—I am not undertaking to quote the exact language—"but it is binding upon us; and, although we have decided that this is not subject to duty, the withdrawal of the protest is allowed, although we do not confirm the action of the collector in imposing the duty."

The large territory from which skim milk, from which casein is manufactured, is to be obtained outside of this country, is the Argentine Republic. According to our information and belief this Casein Company of America prior to the time of the withdrawal of their protest, which I have referred to, had made arrangements to control a large part of the product in the Argentine Republic, but for reasons best known to themselves they violated their contract, and a suit is pending now for a large amount of money as damages for the breach of that contract. It appears from the record in this Brownell suit, which has been decided in New York, that the breach of that contract occurred apparently just before or after the withdrawal of this protest, which makes ordinary men conclude that having lost the control for one reason or another of the South American product, and being confined by their own act to the casein which they could obtain in America, this company changed front entirely upon the question of duty, and instead of persistently attempting to resist it, they have been since then persistently attempting to have it put on.

Mr. HILL. Suppose the name "casein" was added to "lactarene," would that cover your idea?

Mr. BURDETT. I think it would; not on the dutiable list, but on the free list.

Mr. HILL. Yes; I think instead of changing the name entirely, you might say "lactarene" or "casein."

Mr. BURDETT. I think that would be the better way to do it.

Mr. DALZELL. That Brownell case is now pending, is it not?

Mr. BURDETT. I do not know that you can say that it is pending when there has been a decision by the circuit court of appeals of New York in the case.

Mr. CRUMPACKER. It was decided on Monday.

Mr. BURDETT. Now, you see the way that that decision leaves us. Every one of these decisions has been made in the southern district of New York by three different judges, and finally by the circuit court of appeals, but there are cases of the same kind pending in Boston, in the district of Massachusetts, and the decision of the circuit court of appeals in the southern district of New York is not going to bind any other circuit court that does not want to be bound by it; and therefore this question ought to be put at rest, and the only way to put it at rest is to make the statute so plain that on the face of it nobody can misunderstand it.

Mr. HILL. Is there any other title by which the casein product can be mixed up so that there would be any doubt about the meaning of the language?

Mr. BURDETT. I think not. I will refer presently to the fact that in section 468 of the free list you will find "albumen," in section 572 you will find "glue stock," and in section 495 "lactarene."

All these articles are of similar character and fit for similar uses; and, as I believe the Board of Appraisers said in this Brownell case, the fact that all things of this class seem to have been put into this free list shows the intention of Congress at the time the act of 1897 was passed to make this whole class of goods free of duty.

Mr. CRUMPACKER. Under what paragraph did the Government contend that casein is dutiable?

Mr. BURDETT. It is under "nonenumerated manufactures," section 6. As long ago as this lactarene was put on the free list, and it has been continued on the free list in every tariff act since that time; and in connection with the fact to which I have just referred, that these other similar articles are also on the free list, this decision of the circuit court of appeals of New York confirms the proposition, as matter of law, that that article is now and was intended by Congress to be on the free list.

Therefore this, it seem to me, throws the burden upon anybody who proposes to put it back, or to put it into the dutiable articles. Another gentleman is registered here, whom I do not have the pleasure of knowing, and whom I thought might perhaps appear in favor of putting the article on the dutiable list, and I was anxious to know what he would say, but he did not respond when his name was called; so I am not aware that at this moment there is anybody advocating that course of action.

Now, if you will pardon me for a few moments—

The CHAIRMAN. How many moments more?

Mr. BURDETT. I should say that I could easily close in five minutes.

The CHAIRMAN. We will give you that much more time.

Mr. BURDETT. If the committee thinks I have said enough already, I am not particular about continuing at all.

The CHAIRMAN. Go ahead.

Mr. BURDETT. I wanted to state one or two independent reasons why this should be kept upon the free list. That is upon the theory

that the mere fact that it is on the free list now may not be regarded by all the members of the committee as a reason for leaving it there.

The domestic supply of this country is entirely inadequate to meet the demand of the paper manufacturers alone of this country. We would not complain of this monopoly to which I have referred if it would supply our demand; but it not only will not do that, but it requires us to contract that we will not buy this article from anybody else. And curiously enough this contract is required at a time of year when the supply of casein is at the very lowest, to wit, the month of November. It will not guarantee to supply our needs; it will not even contract to furnish all that we will agree to consume; and heretofore, at any rate, it has required us to contract that we will not buy this article from anybody else.

In this connection I have some letters which I am anxious to make a part of the record, and short extracts from which I beg leave to read.

The Perkins-Goodwin Company, of New York, are the agents for the sale of this casein—I have selected several letters, so it is not peculiar to any particular year—and in a letter dated December 27, 1907, addressed to the treasurer of the Champion-International Company, they say:

The situation as to further shipments is really very serious. The Casein Company have not enough casein on hand to take care of present requirements or the requirements early next year of those who have been dealing with them. It is impossible for them to get casein enough to supply their customers' requirements at any price, and they refuse to commit themselves to more than what they have on hand and actually in sight. They are obliged to put all of their customers on short rations, and the very best that we could succeed in doing with them this morning was to offer you two cars per month for next year, of 30,000 pounds each, at 7½ cents per pound for the January shipment and 8 cents for the remaining months of the year, with the guaranty that if they reduce this price to any of their customers during the year you are to get the benefit of it, this offer to be open for immediate acceptance only, because if not required they have a dozen places to put it.

They are actually obliged, as we state, to curtail all of their customers. This situation is brought about by the absolute dearth of milk and the impossibility to rely upon any increase of supply until the early spring months. They agree that as soon as they can get a further supply of casein they will offer it to their customers of the past in equal proportions.

The purpose of reading that letter and extracts from one or two other letters is to show that according to their own statement the reason they can not supply this imperative demand of the paper manufacturers is because they can not themselves get the raw material.

Mr. POU. What price will they charge for it?

Mr. BURDETT. Eight cents a pound. We think we ought to be able to buy it for not over 6½ cents a pound; and we could buy it for not over 6½ cents a pound, provided we could get it from abroad without the duty, which would mean to the three mills which I particularly represent a saving of from \$50,000 to \$75,000 a year.

Here is a letter from the Casein Manufacturing Company itself, dated October 31, 1908, addressed to the president of the Champion-International Company, in which it is said:

We have carefully considered the matter that we discussed during the interview we had the pleasure of having with you here last week, and came to the conclusion that our best figure for 1909 business will be 8 cents per pound, freight paid. Conditions make it impossible for us to name any lower figure.

In a letter from their agents, the Perkins-Goodwin Company, dated November 12, 1908, this language is used:

We believe that you are making a mistake in not closing your casein contract at once. There positively is not casein enough to go around. We have had this proven to us absolutely. We could sell twice as much casein as we have to sell, and your holding back, we think, will be harmful all around.

I beg leave now to submit a letter from S. D. Warren & Co., one of my clients, who have an investment of about \$8,000,000 in their mills in Maine; and this I offer as evidence. Mr. Warren was not able to come here with me. [Reading:]

In re casein.

Boston, November 17, 1908.

G. F. RUSSELL, Esq.

DEAR SIR: During the year 1907 we used about 1,400,000 pounds of casein. Of this amount the Casein Company supplied us 700,000 pounds. We should like to have obtained more from the Casein Company but could not do so.

For the year 1908 we were able to contract with the Casein Company for 400,000 pounds, delivered in the eleven months succeeding February 1. We shall have used about 1,000,000 pounds, on the present basis of use, up to December 31, 1908. Of this balance the Casein Company has given us a limited extra quantity, amounting to 300,000 pounds.

For the year 1909 they offer us only the quantity contracted for in 1908, viz, 400,000 pounds. Our present use is at the rate of 100,000 pounds a month, or about 1,200,000 pounds a year. Our capacity, when we run full, is 1,500,000 pounds.

Up to date we have been able to obtain no increase in the quantity offered, although we have requested a larger offer. We know where we can obtain about 300,000 pounds of the deficit, but no more, leaving 800,000 pounds to be supplied if business enables us to run to our full capacity.

You are at liberty to present these facts to the committee of the House which is considering a revision of the tariff.

We feel strongly that casein should be left upon the free list, where it now is, because, among other reasons, the quantity produced in this country is insufficient to meet the demand for paper makers' uses.

Yours, very truly,

S. D. WARREN & Co.

Mr. Chairman, when I said I could get through in five minutes I forgot that I had these letters.

Mr. HILL. Where do S. D. Warren & Co. get that surplus supply—that 800,000 pounds?

Mr. BURDETT. They pick it up by traveling around through the wilds of Maine, and getting the dairies there to put a part of their skim milk into casein. The only escape of these paper manufacturers to-day from this control of the market is either to send representatives to Argentine to attempt to obtain it from that country, or else to scour this country from end to end, to see if they can not get an independent supply from the creameries.

Mr. HILL. There are only 328,000 pounds imported in that way.

Mr. BURDETT. The importation has practically ceased, for two reasons: First, the imposition of this duty, and second, the attitude of this Casein Company in discouraging the use of foreign casein, not only by the imposition of the duty, but by threatened litigation on their patents. I am going to say a word, if it please the committee, in a moment, about that very subject.

The CHAIRMAN. Mr. Burdett, have you answered Mr. Hill's question?

Mr. BURDETT. I thought I did.

The CHAIRMAN. Are there any other questions? Mr. Mayer, do you desire to be heard?

Mr. MAYER. Yes; for a few moments.

Mr. BURDETT. I have not finished, Mr. Chairman.

The CHAIRMAN. You may file your brief, of course; but your time has expired. I am very sorry that you can not go on longer, but there are a great many people here who are just as anxious as you are to consume time, and perhaps a little more so, who have not been heard at all.

Mr. BURDETT. I have waited here two days, and I have attempted to say nothing except what would be of service to the committee.

STATEMENT OF JULIUS M. MAYER, NEW YORK CITY, WHO WISHES THE WORD "CASEIN" ADDED TO "LACTARENE" IN THE FREE-LIST PARAGRAPH.

THURSDAY, *November 19, 1908.*

Mr. MAYER. Mr. Chairman, I represent T. M. Duché & Sons, 554 Broome street, New York City, who are the persons that have heretofore imported lactarene. I will be as brief as possible and will only say the things which I imagine to be relevant.

In the first place, we desire and respectfully ask that the words "or casein" or "and casein" be added to the word "lactarene" in 594.

The reason we are urgent upon the proposition is this: We have gone through this long series of litigations, comprising four different kinds of cases, the last of which, as Mr. Burdett stated, was decided in our favor by the United States circuit court of appeals, in *United States v. Brownell*, on Monday last. I had charge of that appeal in that court and argued it.

We have been so persistently pursued by the Government, and, really, I think, by the Casein Company of America, that I want to emphasize that and to request that you give us that additional name, so that once and for all in every district throughout the United States it will be settled.

Secondly, in answer to the question of Representative Hill, I may say that there has been practical protection to the Casein Company for the last fifteen months or so, during this Brownell litigation, so that we could not bring this stuff in. It involves an arrangement with the creameries, and through the creameries with the farmers, naturally, ahead of the milk season, which, by the way, is just beginning in Argentina, and will continue until February or so, and we simply could not make our arrangements ahead with two propositions in front of us—one the patent proposition, which we are perfectly willing to fight and which we are not afraid of, and the other the duty situation.

We are interested in prices. The Casein Company is now selling at 8 cents a pound, and we believe it can be demonstrated that they can sell at 6½ cents a pound and make a fair and reasonable profit. We were not taking chances on bringing this in with the duty added, and making a profit at 6½ cents a pound, and then, when we got our arrangements made, of having the Casein Company cut under us,

when we would find ourselves with this supply on hand, and be in difficulties; but what we desire to say is that, now that this litigation is ended, if Congress will keep this where it is, we are prepared to assist in giving to these paper mills the product they want.

I desire, if I can, to impress upon the committee this proposition, that I think there is no doubt whatever that the paper mills are ready to take all the American product that can be produced, as well as our Argentine product; and I think the record in the case to which I have referred and the facts themselves indicate that this Casein Company of America, which we rather imagine would be here, is in complete control as it now stands, at both ends—both of the creameries and of the people to whom they sell—because with the farmers and the creamery people they can control their output. As Mr. Burdett says, the mills have not got now, and have not for a long time had, anywhere near what they need. On the other hand, with their control at that end, and with the market in their grasp, as it has been, they could make their price to the paper people.

While I realize that I represent the importer, and while the importer desires to bring this in for the purpose of making money, yet to the consumer the situation is such that he will be well taken care of, and the producer will not be hurt because of the great demand.

I am authorized to say (and of course I can give the committee the name of the mill if they desire, but perhaps it is not fair to put it on the record) that right at this minute we can sell 3,000 tons of this product to some of the mills mentioned by Mr. Burdett.

Mr. GAINES. Do I understand that it is a patented article?

Mr. MAYER. Well, no. As I understand it, there are two claims. There is a patent claimed for what they call the sulphuric pressed casein. That is to say, there is the application of sulphuric acid. You see, briefly, this is the situation: The skim milk of the farmer may either be self-soured, or it may be precipitated by acid. Then it becomes dry curd in bulk, and then that dry curd is granulated, and that is what it called casein. The casein people, I believe, claim that they have a patent on the sulphuric pressed casein. We think it is not patentable, and I do not believe it is.

Then we have another proposition, and that is that by the application of formaldehyde, which is a preservative, and which has waterproofing qualities, they have created a patent situation.

Mr. GAINES. Did this casein company invent this? Did it start the making of this stuff?

Mr. MAYER. Oh, no. Casein, chemically, has been known to science for fifty-odd years.

Mr. GAINES. But commercially?

Mr. MAYER. Commercially lactarene has been made for a long time; and it has been on the free list since 1870. About 1900, by the absorption of the business by a man named Hall, they began in a larger way than ever had been done before the casein business in this country.

Mr. GAINES. The paper mills which make paper out of wood pulp use this in order to make the other product which is known as "surface-coated paper," do they not?

Mr. MAYER. Not as I understand it. Mr. Burdette would be better acquainted with that than I. This is a binder that is used by the surface-coating paper-mill people in connection with putting their

glaze on. That is the purpose of it. It is merely a binder. Speaking tentatively, it is in the nature of a gluey substance, something to hold together the glaze, and so on. That is what it is.

Mr. GAINES. It is used in connection with the making of surface-coated paper, which is dutiable?

Mr. MAYER. Yes.

Mr. GAINES. Suppose the tariff were taken off of wood pulp and print paper. Then there would not be such a demand in this country for the casein, would there?

Mr. MAYER. I do not know. I think so. I should imagine that this thing would go on just the same. It is only for the glazed paper, Mr. Gaines.

Mr. GAINES. I understand that it is glazed paper, but it is the sort of paper that is made out of wood pulp, and it is the glaze that makes the surface-coated paper, is it not?

Mr. MAYER (after speaking to a gentleman present). Yes; that is correct. I am not acquainted with the paper-making end of the thing, but Mr. Russell, who is a paper manufacturer, is here, and doubtless would be very glad to answer any questions.

That, briefly, is our situation. I do not want to take up any more time unless somebody desires to ask me some questions.

Mr. CRUMPACKER. I suggest that you print a copy of your brief in the Brownell case in connection with your statement here. That is quite instructive upon all sides of the question.

Mr. MAYER. I will be pleased to do that.

(The brief above referred to is as follows:)

UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

United States of America, appellant, *against* W. M. Brownell,
appellee. No. 4586.

BRIEF FOR APPELLEE.

This is an appeal taken by the Government from the decision of Platt, J., affirming the decision of the Board of United States General Appraisers, which board had reversed the action of the collector of the port of New York and sustained a protest of the importers.

Statement.

The collector of the port of New York, by virtue of section 6 of the tariff act of July 24, 1897, decided to assess a duty at 20 per cent *ad valorem* upon the importation which is the subject-matter of this controversy, on the ground that it was a nonenumerated manufactured article not otherwise provided for.

The Government claimed that the product of milk here under consideration was not "lactarene" and therefore admissible free of duty under paragraph 594 of the tariff act of 1897, but "casein," a different article, having a different commercial designation from "lactarene."

The importer was successful before the Board of General Appraisers and the court below, and a volume of testimony was taken upon certain facts deemed relevant to the issues.

The theory of the Government was that when the tariff act of 1897 was passed "lactarene" had dropped into commercial obscurity;

that it was a useless commodity; that it contained a large percentage of butter fat, from which a rancid odor resulted, which made it practically of no value for the commercial purposes to which it is claimed "casein" is now applied.

The Government thus urges that "casein" is a different article from "lactarene."

The appellee insists that "lactarene" has long been commercially known under that name and is the same product as "casein;" that "casein" was not commercially known when the tariff act of 1897 was enacted; that since said date, although the use of this product of milk has been more extensive, it has always remained precisely the same product; that the use of the name "casein" commercially has been merely an arbitrary selection by a single domestic corporation, used by it since the late fall of 1904, under circumstances to be fully hereinafter discussed; that there is no butyric acid odor in "lactarene;" that the percentage of butter fat, even if greater heretofore than now (as the Government contends), has not been detrimental to the main uses of this product, and has neither changed the product nor its name.

POINTS.

I. It is submitted that this court will not disturb a finding of the Board of General Appraisers unless such finding is wholly without evidence or clearly contrary to the weight of evidence.

Gabriel & Schall *against* United States, 123 Fed. Rep., 296; Belcher *v.* United States, 91 Fed. Rep., 975; *In re* Kursheedt, 49 Fed. Rep., 633; *In re* Herrman, 56 Fed. Rep., 477; *In re* Blankensteyn, 56 Fed. Rep., 477.

In the case at bar there was a conflict of testimony on practically every essential fact necessary for the determinations, both of the Board of General Appraisers and the court below.

Therefore, under the authority of the cases above cited, the questions of the percentage of butter fat, odor, use of name, actual use of lactarene, and the like, have been determined by the tribunals below in favor of the appellee in such manner that they can not be disturbed unless the court should say that these determinations were wholly without evidence or contrary to the weight of evidence.

That the findings were amply supported by the evidence will be demonstrated by an examination of the record.

In 1848 Robert Thomson Pattison, a Scotch printer, first used the word "lactarine." The terms "albumen" and "casein" were very much older as technical chemical terms, and, as said by Hay, general appraiser, "are practically as old as the application of the science of chemistry to milk" (folio 36c); or as expressed in Spon's Encyclopedia (p. 1304), "It is to be regretted that in an English patent for the use of 'casein' as a mordant, it received the utterly needless and *unscientific* name of 'lactarine' and 'to which the trade still cling'" (folio 333). Pattison described what he termed his invention in British patent specifications No. 12316 (Exhibit A).

While Exhibit A was not formally marked in evidence it was marked for identification (folios 252-253); was frequently referred to in the testimony; was treated before Mr. Howell, as officer of the court to take testimony, as an exhibit (folio 1182); was considered by the Board of United States General Appraisers in their decision (folio 36c), and by Platt, J. (folios 1218-1220), and is regarded by

the United States attorney at page 5 of his brief as an exhibit. Prior to engagement of present counsel for the appellee, it seems that a great number of the exhibits were lost or mislaid through no fault of appellee, and, among these, the original certified copy of the Pattison specification. Upon the argument we shall ask leave of the court to submit for its inspection what is apparently an authentic copy of this Pattison specification printed in 1869.

Pattison said: "My improved preparation or material for fixing paint or pigment colors on woven fabrics is made or extracted from milk * * *" and, while he preferred buttermilk, he said that this preparation or material "can also be made either from sweet milk—that is, milk in the state in which it comes from the cow—or from what is generally termed skimmed milk—that is, milk from which the cream has been extracted in whole or in part" (folio 255) and "the same or substantially the same preparation or material might be obtained or extracted from milk by other means or processes than those" described in his specification, and that "the preparation or material when produced is capable of being mixed or combined with paint or pigment colors in an almost endless variety of proportions, *as well as applied for different purposes.*" (Italics ours.) To this material, Pattison said, "I give the name of 'lactarine;'" and it will be noted that he foresaw that lactarene could be used for purposes in addition to the fixing of paint or pigment colors on woven fabrics.

In other words, what Pattison did was to select a commercial name, "lactarine," for the product well known to chemists as "casein."

This product must have been known to the commercial world and to Congress in 1870, for in section 22 of the tariff act of July 14, 1870, it is referred to as follows: "Albumen and lactarine."

The testimony does not disclose to what extent lactarene was used at that time, but that it was a product of known use is demonstrated by its mention in the tariff act as well as in the various authorities referred to in this brief under the heading "Literature."

Again, in the act of March 3, 1883 (Stat. L., Vol. XXII, p. 514, sec. 2503), it was referred to as follows: "Albumen in any form or condition; lactarine."

In 1889 Max De Jonge was connected with the business of his father, Louis De Jonge & Co., at a factory in Staten Island, engaged in the manufacture of surface-coated papers (folio 540).

De Jonge was an absolutely disinterested witness (folio 612). He had been prepared by a technical education for his father's business (folios 541-542), which he entered in 1883, and the technical manager of which he was for six years prior to 1893 (folios 540-544 and 545).

In pursuit of his investigations as chemist and technical manager of this business he obtained a cask of lactarene containing 437 pounds from Stein, Hirsch & Co. in March, 1889 (folio 553), and a cask of 236 pounds from the Morningstar Company in June of the same year (folio 596). According to the records which he could find, looking up his mill stock books (folios 549-550), he was able to refer to three specific purchases in 1889, as follows: Four hundred and thirty-seven pounds net, March 6, 1889; 412 pounds net, March 20, 1889; and 236 pounds net, June 3, 1889 (folios 595-596). This was by no means the total extent of his use, for he purchased lactarene and

casein from 1889 to 1895, inclusive (folio 557), and since that time has used the same article for the same purposes as he did in 1889 (folios 557 and 558).

Possessed of a degree of business genius and foresight and believing that this product would be useful in the surface-coating paper business, he consulted Dr. Ernst J. Lederle, then connected with the health department of the city of New York, afterwards health commissioner, and conceded by the Government to be a qualified expert (folios 785-786), with a view of seeing whether lactarene could be furnished to him from domestic sources (folios 561 *et seq.*). As De Jonge said: "I applied to him to have lactarene or casein—one and the same thing—prepared in this country" (folio 561).

Doctor Lederle was a chemist who had taken lectures under Doctor Chandler, and was familiar with casein in 1883 and 1884 (folio 789). Both Doctor Chandler and Doctor Lederle were chemists, and Doctor Chandler, as a teacher of chemistry, often referred to "casein" (folios 789-790). Both of these men being chemists were evidently familiar with "casein" as known in chemistry, but it is fair to conclude that neither of them had any knowledge of "casein" under that name as a commercial commodity. When Doctor Lederle examined "a number of samples of this lactarene," to use his own language, he "found that they were casein" (folios 791-792). In other words, the product of milk then known to chemists under the scientific name of "casein" was commercially known as "lactarene;" in precisely the same way, to illustrate, as Doctor Chandler said in speaking of muriatic and hydrochloric acid, that they were two names for the same article, "muriatic acid, the old commercial name," and "hydrochloric acid, the scientific name" (folios 1157-1158), or as Doctor Lederle said, "We used hydrochloric acid—commonly called muriatic acid" (folio 795).

Acting for De Jonge, Doctor Lederle made arrangements with the Howell Creamery at Goshen, N. Y., to furnish De Jonge with this product (folios 792 to 795).

Until the employment of the mechanical separator, milk had been separated by what might be called a nonmechanical process. About 1890 an improvement in the De Laval separator was introduced by means of which, among other things, it is claimed that a greater amount of fat was extracted from milk than previously (folio 275). Howell skimmed milk in 1889 and 1890 by a separator—just which of the many varieties of separator does not appear. He succeeded in getting the skimmed milk down to one-tenth of 1 per cent, and the percentage of fat in lactarene down to a per cent and a half, while 4 per cent was the highest that he found in lactarene or casein (folio 798).

In 1894 Congress enacted another tariff act and continued "lactarene" on the free list (par. 529). Clearly Congress still regarded "lactarene" as the commercial name for the product which chemists knew as "casein," and made no change notwithstanding the fact (doubtless well known) that the improvements in the mechanical separator were giving a larger yield of butter to the farmer and decreasing the percentage of butter fat in the skim. Obviously Congress took the view of the witnesses for the appellee that the purpose of the separator was to increase the product of butter,

thereby increasing the profit of the farmer, and that the separator was not invented with lactarene or casein in mind. It is true that Doctor Lederle, as a chemist, in his arrangements on behalf of De Jonge with the Howell Creamery, spoke of the product as "casein," as he naturally would from the chemist's standpoint, but De Jonge did not spread the name in such a manner as to make it a commercial name, for believing that the Howell production was the first in this country he "kept it as secret as possible," for he desired to preserve the advantages of that production to his own particular firm (folio 560).

Between 1894 and the passage of the tariff act of 1897 nothing had occurred to change the situation, and, therefore, when "lactarene" was continued on the free list by virtue of paragraph 594 of the tariff act of 1897, it was still the commercial name for the product in question. "Casein" was not the commercial name, but merely a scientific name known to chemists.

This view was confirmed by the fact that the government witnesses, Barnett, Schwerin, Dreyfuss, and Chandler, all insisted that "casein" could not be commercially made and marketed prior to 1897 because the mechanical separators had not been sufficiently improved to reduce the amount of fat in skimmed milk to a per cent so small that what they termed "casein" could be commercially manufactured and used.

The government chemist, Russell W. Moore, was called for cross-examination as to his report, Exhibit 19 (folios 1098-1099). Doctor Moore had been the chemist of the New York State Dairy Commission, and in that capacity made frequent reports in regard to milk and its products. In his report about the year 1890 (to use his own language) "I made a statement practically that *lactarene and casein are the same thing*, as I remember it" (folios 1103-1104; see Sixth Annual Report New York State Dairy Commission, p. 505). No attempt whatever was made by the Government to have Doctor Moore say that the three samples referred to in Exhibit 19 were not "lactarene," and obviously Doctor Moore could not so testify unless he desired to contradict his impartial investigation made many years before as an official of the State of New York.

On June 18, 1897, the appellee, Brownell, entered the employ of one W. A. Hall. His duties were to instruct creameries in the manufacture of crude casein (folio 51) in the Eastern States, north of the Potomac and south of Canada (folio 52). From the time that Brownell became familiar with casein (which presumably was from the date of his employment with Hall), the article was sold as "lactarene" (folio 1017), and "casein" and "lactarene" were used as interchangeable terms. Hall had an agent in Germany named Marsmann. Marsmann advertised in the *Papier Zeitung* of November 3, 1898, published at Berlin (folio 731), as follows: "*Casein Lactarene for playing cards, colored papers, chromo papers, artificial papers, and wall papers*" (folio 763).

The Government urges that the use of the terms "lactarene" and "casein" synonymously or interchangeably in this advertisement does not affect the commercial designation in this country. But that is not the point of the advertisement. The point is that Hall, an American, engaged in this business in 1898, a year after the passage of the tariff act, was advertising this material through his agent by these synonymous names of "casein" and "lactarene," and indicating

thereby what he, engaged in the business in the United States, regarded to be the correct name of this material, a significant piece of testimony, because, as the record shows, Hall's business was subsequently absorbed by the Casein Company of America. It further appears by Brownell's testimony that in this same year of 1898 the product was shipped to John Anderson, Glasgow, and Spicer Brothers, Liverpool, as "lactarene," from a factory Brownell was then running for Hall in Greenwich street, New York City (folios 1185 to 1187).

In 1899 some goods were imported by Merchants' Despatch Transportation Company as "casein" and held to be dutiable. Subsequently, however, on appeal, these goods were held to be on the free list as albumen in *Merchants' Despatch Transportation Company against United States; Fed. Rep.*, 413.

The point is that whether these goods were albumen or not, as yet "casein" was not recognized as a commercial commodity to be differentiated from "lactarene."

In 1900 the Casein Company of America was formed. How the word "casein" was selected in connection with the name of the company does not appear.

Schwerin, vice-president and general manager of the Casein Company, testified that the product was bought from the creameries not as "casein" but as dried curd, although sold as "casein;" but nowhere is an exact date set when the word "casein" was used by this company to the exclusion of "lactarene" (fol. 429).

As late as 1904 the Casein Company of America protested against the assessment of duty by the collector of customs of the port of New York upon merchandise entered as "casein." The record clearly establishes that this merchandise was the same as that which is the subject-matter of this litigation (fols. 722, 723, *et seq.*; 940 *et seq.*). It came from the Wester Concern in the Argentine Republic. The case is reported as No. 3988, T. D., in the pamphlet of December 8, 1904, at page 23. Hay, general appraiser, writing, said, among other things, "The protestant contends in its protest that this commodity should have been classified under paragraph 468 * * * or under paragraph 572 * * * or under paragraph 594 as lactarene." * * *

The board of appraisers would have sustained the protest were it not for the fact that on the very day when the case was taken up by the board for decision counsel for the protestants sent to the board a letter formally abandoning the protest (see *opinion* of Hay, G. A.). The protest was therefore overruled without affirming the action of the collector. No reason was given to the appraisers for abandoning this case, but the record shows that just about the time this case was abandoned, November 29, 1904, the contract with the Wester Concern in the Argentine Republic was broken (fol. 723). Here, then, is a practical construction showing the view held by the Casein Company of America as late as the fall of 1904, and the Casein Company of America seems, from the record, to be practically the only concern engaged in the domestic manufacture of casein and so prominently interested in this litigation as to call from Mr. Hay the expression, "What has the Casein Company of America got to do with it? They are not a party to this litigation" (fol. 1004).

Not long after, another case was made entitled *B. P. Ducas Company v. United States*, and decided adversely to the Government on January 18, 1906, and reported in 143 *Fed. Rep.*, 362. So that what

has happened (and the record will bear out this statement) is that one concern, to wit: the Casein Company of America, only since November, 1904, has been seeking to create by its own acts a new commercial name for what has always been known as "lactarene."

The next question therefore is whether, as claimed by the Government, by reason of the work of the mechanical separator, the product marketed by the Casein Company of America at a date subsequent to the tariff act of 1897 is a different commodity with a different commercial designation than "lactarene."

II. Lactarene and casein are identical in origin and composition. Prior to 1897 the commercial name was "lactarene;" and "casein," if a commercial name since that date, has been so used by one concern only and then only in its sales and not in its purchases and is an interchangeable or synonymous name with "lactarene."

The literature upon this subject either uses the name "casein" as the scientific term in chemistry, or uses "casein" and "lactarene" as the identical substance. The subject is mentioned in books on chemistry, practical books relating to dyeing cotton fabrics, etc., and dictionaries. From the record the following have been collated:

Literature.

Fehlings Handwörterbuch der Chemie. "Lactarene. Under this name an impure casein has been introduced in commerce as a substitute for albumen" (folio 122).

Webster's Dictionary. "Lactarene. A preparation of the casein of milk used by calico printers" (folio 124).

Handbook of Dyeing and Calico Printing, by W. Crookes, F. R. S. "Under the name of lactarene, casein is employed as a mordant for fixing pigment colors, for instance, ultra-marine" (folios 155, 156).

The Printing of Cotton Fabrics, by Antonius Sansone. "Casein or lactarene, * * * the commercial article which is in the form of a yellowish white powder is obtained from skimmed milk by precipitation with weak acids, then filtering and washing until free from acid and drying" (folios 156-158).

Glue, Gelatin, Isinglass, Cements, and Paste, by F. Davidowsky (folio 168). After describing the process he says: " * * * In this manner 8.5 per cent of moist, or 3.5 per cent of dry casein is obtained which is brought into commerce as technical casein or lactarene" (folios 173-174).

Century Dictionary. "Lactarene. The commercial name for a preparation of the casein of milk used by calico printers like albumen" (folio 214).

Spons Encyclopedia. "It is to be regretted that in an English patent for the use of casein as a mordant, it received the utterly needless and unscientific name of 'lactarene,' to which the trade still *cling*" (folio 333).

"De Appreturmittel," published in Vienna and Leipzig in 1886 (folio 821). "The dry casein (lactarin or lacterin) brought into commerce, for these purposes obtained by simply drying well-washed curd, as well as the lactarene extract prepared by the addition of alkali, has formed for years a distinct article of commerce which, however, is at present little sought (folio 822); also 'By the name casein extract, lactarene is designated a product offered in the trade

which is produced by the drying of the casein obtained from the milk ” (folio 822 *et seq.*).

“Das Casein,” by Robert Scherer, published in 1905 (folio 825). “Casein is the curd separated from milk by the addition of rennet or an acid—lactic, hydrochloric, sulphuric, or acetic. * * * *Other names* for the same material—stuff—are albumenate and lactarene ” (folio 869).

“Thorpe’s Dictionary of Applied Chemistry, 1890.” “The preparation of casein known as lactarene, etc.” (folios 872–873).

“Encyclopedia Americana,” 1904. “Lactarene. The casein of milk is commercially prepared by freeing it from fat, precipitated by an acid, thoroughly purified, dried and powdered ” (folio 1224).

The United States attorney in point third of his brief asserts that “the commodity was never known in the trade and commerce of this country as ‘lactarene;’ ” in point fourth, “The commodity in question has always been known in the trade and commerce of the country as ‘casein;’ ” and in point fifth, “The term ‘lactarene’ is a foreign term and has not been employed in the trade and commerce of this country to designate casein.”

It has already been demonstrated that the word “casein” was not attempted to be commercially used seriously until after the Casein Company of America had withdrawn its protest in November, 1904. Up to that date such of the product as came into this country was known only as “lactarene.” (See De Jonge and Lederle Test., *supra*, and tariff acts.) These assertions by the United States attorney were based, in the main, upon the testimony of officers of the Casein Company.

Maurice Barnett, secretary and assistant treasurer of Casein Company, testified that he first became familiar with casein in 1899 (folio 99). He is admittedly not an expert (folio 187), and his opinion on the subject, prior to 1899, was derived entirely from literature on the question, and nearly every author to which he refers supports appellee’s contention (folio 119 *et seq.*). He stated that he first became acquainted with the term “lactarene” in 1904 (folios 148–150), an admission that in seeking to get “casein” in on the free list as “lactarene” his company regarded the two names as identifying the same product. Briefly stated, Barnett’s testimony amounts to nothing more than that the Casein Company of America *sold* the product to its customers as “casein” (folio 145).

Lorenz R. Schwerin, vice-president and general manager of Casein Company of America and its subsidiary companies (folio 391), states that the Casein Company is the holding company owning the stock of various other companies (folios 391–393), and that he (Schwerin) was in business but nine years prior to the time of the taking the testimony in March, 1906 (folio 394). The only knowledge Schwerin had of “lactarene” was acquired principally during the hearing before the Board of General Appraisers (folio 434).

It may be again remarked in passing, as an extraordinary fact, that in 1904 the company of which these men were officers prior to that date protested against duty being levied on casein and insisted that its importation from the Argentine Republic was “lactarene.” (No. 3988, T. D.)

Doctor Chandler based much of his testimony upon a specimen of lactarene twenty years old, but failed to state where he obtained this

specimen and under what circumstances it was made. He has no practical knowledge of the commercial side of the use of either lactarene or casein, and his testimony is that of a chemist only. He admitted (folios 351-352) that he had made but one analysis of lactarene, and that was, after he was retained as an expert in this case, to determine the amount of fat in the twenty-year-old specimen of unknown origin.

George R. Remington, employed by the De Laval Separator Company, testified merely to the various improvements which have been made in the mechanical separator (folios 272 *et seq.*).

The foregoing constitutes all of the Government's witnesses with the exception of Dreyfuss, whose testimony will be considered in another connection, and it will be seen that not one of them had what amounted to either knowledge or experience of this whole subject except such as Barnett and Schwerin claimed they gained as officers of the Casein Company, and, in Schwerin's case, as general manager of the Quaker City Chemical Company (folio 395).

Against their interested testimony stands the testimony already referred to of De Jonge and Doctor Lederle (not only a great expert, but having actual knowledge of the facts). In addition, James Denvir, foreman of the coating room of the Falulah Paper Company, of Fitchburg, Mass. (folio 684), absolutely a disinterested witness, and connected with that company since 1892 (folio 685), testified that he first used lactarene about 1894 (folio 686), in the surface coating of paper (folio 687), and that lactarene and casein were identical commodities performing the same functions, to wit: "Binding on of paper and allowing it to spread" (folio 687).

Juan E. Wester, producer of lactarene in the Argentine Republic, testified that his company formerly supplied the Casein Company of America with lactarene (folio 721) under a three-year contract, which was broken in November, 1904 (folios 722, 723), and, since the breach of that contract, that his (Wester's) concern has been supplying the same commodity to T. M. Duche & Sons, the importers in this case with whom the appellee is employed (folio 723).

His testimony amply justifies the inference that the importation in controversy is the same commodity as the importation which the Casein Company of America insisted, among other things, in decision No. 3988 G. A., came under paragraph 594 as "lactarene." It is a curious coincidence that the abandonment of the protest and the breaking of the Wester contract occurred at about the same time.

Harry S. Hopkins, a graduate of Iowa State College and a former employee of the Casein Company of America for four years, 1901 to 1905 (folio 972), in charge of laboratories for that company at Bainbridge, N. Y. (folio 934), testified that he perfected the contract between the Wester concern and Casein Company (folios 940, 941 *et seq.*).

In endeavoring to sustain the contention of the Government that "casein" was another substance from "lactarene," the witnesses for the Government were not only strongly contradicted, but were compelled to narrow down their claim to the proposition that the sole difference was in the percentage of butter fat. Besides, the Government was unable to show at what particular percentage "lactarene" becomes "casein," and *vice versa*.

The testimony of Barnett and Schwerin that tests were always made for butter fat, and that, if there was over $1\frac{1}{2}$ per cent the product had a bad odor and was not merchantable was flatly disputed by De Jonge (folio 576 *et seq.*), Doctor Lederle (folios 816, 817), Denvir (folio 689), Hopkins (folio 957), and Brownell (folio 1028).

The testimony of Hopkins is especially significant because he is a disinterested witness and specifically denied Schwerin's testimony that the chief object of testing casein was to detect the presence of butter fat (folios 957-959) and affirmatively stated that the cause of odor is decomposition and not butter fat (folios 974 to 979), and that the commercially pure material would contain butter fat (folio 979).

In fact, the testimony for the importers is that the tests are made for solubility and strength, and not for percentage of butter fat (folios 687, 688).

But, even on the government's theory of the distinction between "casein" and "lactarene," what is the standard by which one is distinguished from the other?

Doctor Chandler, having distinguished "casein" from "lactarene" solely by the test of percentage of butter fat (folio 365) is compelled to admit that he can not establish a line of demarcation between them: "They might almost overlap. A very bad casein might deserve the name of lactarene" (folio 373). Asked for his best opinion as a chemical expert, he said: "I can not fix any figure for that. * * * You can not fix a limit any more than when a boy becomes a man" (folio 374).

For the Government, Dr. Louis A. Dreyfuss, the chemist with Muralo Company (folio 222), testified that casein was used in the manufacture of cold-water paint (folio 224), and for *that particular* ("our") purpose worthless if there is more than 1 per cent of butter fat (folio 225). Dreyfuss was evidently not well informed generally on the subject, for he attempted to make a distinction between casein prepared from buttermilk and from skimmed milk, as if the skimmed milk was the later method, but it was manifest that he was unfamiliar with the fact that Pattison, in his original patent, had asserted that lactarene could be made from skimmed milk as well as buttermilk (folios 252-257).

It may be that Dreyfuss is correct as to the needs of the cold-water-paint business—but one instance of a new application of lactarene or casein. But thereby Dreyfuss can not establish a standard. Standards must be established by some general use and not by a particular instance of a particular use.

It seems that while in the employ of the Muralo Company Dreyfuss rejected several carloads of casein shipped by the Casein Company of America, and the last rejection made by him was as late as December, 1905, and on the ground that the casein was excessive in butter fats (folios 225-228). Presumably this casein was manufactured in the same general way as the rest of the casein put out by this company, and the natural conclusion is that, while experts may testify as to some particular percentage obtained under specially advantageous and prepared conditions, yet this product for commercial purposes, turned out day by day at a creamery on a full day's run, necessarily varies in percentage (folios 288 *et seq.*, 797 *et seq.*, 725 *et seq.*, 989 *et seq.*). It is also to be inferred that when the Casein

Company made this shipment, knowing as it did that the goods contained a considerable percentage of butter fat, that it regarded it as "casein" or "lactarene," quite irrespective of its butter-fat contents, for it is to be assumed that the Casein Company did not mean deliberately to lose its customer by deceiving it. In fact, Schwerin testified that this same merchandise rejected by the Muralo Company on account of the "excessive fat" was "our commercial casein selected—helped select" (folio 440).

"Q. That is what you put on the market as commercial casein, is it?—A. Yes, sir." (Folio 441.)

Why, then, is the Muralo shipment called "commercial casein," when anything above either a mere trace of butter fat, as per Chandler (folio 354), or 1 per cent of butter fat, as per Dreyfuss (folio 225), Barnett (folios 201–202), and Schwerin (folio 463), constitutes the article "lactarene" and not "casein?"

It is significant that the Government, which seems so anxious to make a case on this its fourth attempt, was not able to present a single witness engaged in the manufacture of coated papers, or in any industry where this material was used as a glue for veneer in wood-working, or as a size for silk. Its only practical man (if such he may be called) was the chemist of one cold-water paint factory. And it is evident that the standard of 1 per cent sought to be established by Barnett and Schwerin was based entirely on the Muralo shipment testimony of Dreyfuss, for nowhere is there any evidence of an incident or specific experience that these men, or the Casein Company, had with any industry other than the Muralo cold-water paint industry, as establishing, in a definite way, whether or not percentage of butter fat made any difference, and if so, what percentage.

III.—The standard. In view of the testimony of the government witnesses, when does "casein" cease to be "casein" and become "lactarene," or *vice versa*? If it depends exclusively upon percentages, then is a "casein" containing upward of 1 per cent butter fat no longer "casein," but "lactarene," according to the Dreyfuss standard? Of the three samples in Exhibit 19, two contained butter fat slightly in excess of 1 per cent and the third somewhat under 1 per cent. Are two of these samples "lactarene" and one "casein?"

Then, when did the use of the separator make "lactarene" not "lactarene," or make "lactarene" "casein?" Was it in 1890? Was it in 1905? Was it later? If there shall be further improvements in separators, so that butter fat shall be absolutely and completely eliminated from skimmed milk, will that make what the Government now calls "casein" something else? When Schwerin testified that he bought the product from the creameries as "dried curd" and sold it as "casein" (fol. 429), at what point did the product cease to be "dried curd," and when did it become "casein," or *vice versa*? When the Casein Company received back the rejected Muralo shipment, did it treat it as "casein" or "lactarene?" Barnett seemed to think it was "casein." He called it such (fol. 203), and according to him it contained 2.4 per cent of butter fat (fol. 204). When Doctor Lederle answered the question of General Appraiser Hay he struck the key note of the controversy and pointed out the specious character of the government claim: "*Q. Is there any standard which you, as a chemist, would apply that would determine what quantities of impurities cause the commodity to cease to be casein?*—A. Not that I know of."

Doctor Lederle and other witnesses have made it clear that the percentage of butter fat has not changed the commercial designation of the product (fols. 816 *et seq.*), and that the advantage of the separator was, that its use made more money for the makers of cream (fol. 896) because they get more butter out of it (fol. 924), and he confirms the statement of Professor Farrington in his book (fols. 924–930) to the effect that samples of skimmed milk containing less than one-tenth of 1 per cent of butter fat are very rare, and that, under ordinary conditions, few separators will deliver a skimmed milk containing under one-tenth of 1 per cent of fat when a sample is taken from a whole day's run. In other words, it is obvious that there is not and never was a standard, because in actual practice the percentage of butter fat to be found in skimmed milk necessarily varies. As Remington said, "It can vary from one one-hundredth up to five or six tenths" (fol. 288).

Natural indigo contained a certain amount of vegetable impurities. When it was supplanted by the synthetic product, these impurities naturally disappeared, but the Board of General Appraisers did not for that reason deny free entry to the synthetic article as indigo. (G. A. 4398; T. D. 20925.)

The opinion of the board is well worth perusal for its able discussion of that elusive thing—the standard of purity—and is convincing upon the point that an article is not a different article because it has been possible to decrease the impurities—conceding, for the purpose of argument, that over 1 per cent of butter fat is an impurity in the product under consideration in this litigation. (See also Camphor case, G. A. 5243; T. D. 24101.)

IV. The fact that other uses have been found for an article since the enactment of the tariff act does not change the article itself nor its tariff nomenclature. The fact that the principal use of this product in this country now is the manufacture of coated papers does not change the article itself, and, besides, the testimony is clear that lactarene was used for that purpose by De Jonge and Denvir prior to 1897. When the United States attorney says in his point seventh that lactarene was never intended for use in connection with the manufacture of coated papers, he forgets that Pattison, in his original specifications, said that it might be "applied for different purposes;" and he omits to call attention to the De Jonge and Denvir uses in this connection prior to 1897 (fols. 180 *et seq.*; 228 *et seq.*).

The fundamental idea which Pattison had as to the function of lactarene was that it was a gluelike substance which could be used for fixing pigments or paints to fabrics, but that did not preclude an extension of that use as a gluelike mordant or binder for fixing pigments or paints to other substances.

Magone v. Wiederer, 159 U. S., 555.

Point V. Economic questions involved. Under the heading of "Tariff History," the government brief indulges in considerable speculation as to what might have happened. It is idle to speculate as to that or as to what the learned United States attorney calls the "economic questions involved."

We find nowhere in the record any testimony as to the price of skimmed milk in this country or in South America, or as to the total domestic product or its yearly production. It is true that we see a

good deal, in the record and the government brief, of the Casein Company of America. We are not enlightened as to how this company selected the name "casein" only as recently as 1900 and of which the government brief makes so much. We have never heard of the Casein Company of South America.

No one representing the farming interests and not a single farm or dairy expert (so far as the record discloses) appeared, and the remarks of the United States attorney seem entirely irrelevant, and should be addressed, not to the court, but to the legislative body having jurisdiction to deal with these subjects. It might be represented, on behalf of the appellee, to that body, that it is not the farmer who is likely to lose, but the Casein Company of America which is likely to gain in view of its control of the domestic production. It might be shown that great authorities on agriculture have advised the farmers to use their skimmed milk for feeding purposes as the most valuable and lucrative method of utilizing that by-product—a course which many of them have been pursuing. It might be represented that the Casein Company of America has the surface coating paper and other industries on the one hand and the creamery on the other in its grasp both as to supply of product and price therefor. And it might be urged that this is not a domestic industry which needs protection. Many other things might be shown before a committee of Congress, but the court, as we understand, will not pay heed to the observations of the learned United States attorney or ourselves on the so-called "economic questions."

We stand solely upon the record in this case as developed after elaborate hearings, and many attempts of the Government to defeat the importers who have been uniformly successful in the tribunals below; for the record shows that "lactarene" is "casein," and "casein" is "lactarene," and identical when the tariff act of 1897 became law, and that no conduct on the part of the Casein Company of America since then can make it anything else.

It is respectfully submitted that the decision of Platt, J., in the court below be affirmed.

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**THE CASEIN COMPANY OF AMERICA, NEW YORK CITY, URGES
THE PLACING OF A PROTECTIVE DUTY ON CASEIN.**

NEW YORK, November 27, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: At the tariff hearing on November 19 last there appeared before you a Mr. Burdette, representing practically all of the surface-coated paper manufacturers of the United States, and urged upon your committee the necessity of amending paragraph 594, lactarene, by adding the words "or casein," so that a quietus might

be put on the controversy as to whether casein is or is not lactarene, and enable casein to be brought into this country duty free. In addition to representing three companies with a combined capital of about \$20,000,000, Mr. Burdette claimed to represent also the National Association of Coated Paper and Board Manufacturers, comprising at least 17 companies of large capital engaged in the manufacture of surface-coated paper.

Considering the fact that surface-coated papers are protected under paragraph 398 by a duty of $2\frac{1}{2}$ cents per pound and 15 per cent ad valorem, the demand of that great aggregation of capital, the "National Association," that casein shall be entered duty free is unfair, to say the least. Casein is a product of the creameries of this country. Its chief use is in the manufacture of surface-coated paper. In our own name as manufacturers, and speaking also for other manufacturers, and for hundreds of creameries in this country, and for thousands of farmers delivering their milk to such creameries, we ask that lactarene be taken off the free list and that casein and lactarene be made dutiable, as follows: Casein or lactarene, unground, $2\frac{1}{2}$ cents per pound; ground, $2\frac{3}{8}$ cents per pound.

This duty is asked solely with the object of protecting the American farmer, creamery man, and manufacturer of casein against the product of the Argentine Republic, which is menacing the casein industry of this country. The duty asked for covers merely the difference between the cost of skimmed milk and labor in the United States and the Argentine Republic, respectively.

In order that your committee may see that this protection is necessary, we desire to inform you that we have the sworn statement of the largest producers of casein in the Argentine Republic that, on the basis of a production of 3,800 tons per annum, ground casein can be produced in Argentina at a cost of about \$0.0347 per pound, which would make the price f. o. b. New York about \$0.0365 per pound. Based on an equal production of casein in this country during 1908, the actual cost of the ground casein, New York, was \$0.063 per pound. You will see, therefore, that the difference in price of South American and domestic casein, ground, f. o. b. New York, is $2\frac{3}{8}$ cents per pound. As the cost of grinding is one-sixth of a cent per pound, it would follow that the duty on the unground casein should be $2\frac{1}{2}$ cents per pound.

Action by Congress in protecting the casein industry of this country is the more imperative because the United States courts, interpreting the law as they found it, have held that casein is lactarene, and entitled to free entry as such under paragraph 594. The casein interests of this country look, therefore, to your committee to make such recommendations to Congress as will safeguard their industry and relieve it from the peril in which the United States courts have placed it.

The history of lactarene and casein is both interesting and instructive. In 1848 the term "lactarene" was applied in a British patent to the curd of milk used as a substitute for albumen as a mordant in calico printing. The use was not successful and the industry became obsolete. How insignificant this lactarene industry was may be gathered from the fact that in the hearings before the Board of Appraisers the importers of casein were able to show, during the entire tariff history of this country, the importation of only three casks of

lactarene—in 1889. Nevertheless, they have successfully invoked the assistance of the federal courts in resurrecting this obsolete term to enable them to bring their product, casein, into the United States free of duty.

The casein industry of this country had its commercial beginning about 1896, when improvements in the mechanical separators used by the creameries for skimming milk made possible the production of skim milk practically free from the cream or butter fats used in butter making. This, in turn, made possible the production of casein of commercial purity. As far back as 1896 casein was applied as a binder in the manufacture of surface-coated paper. The application was a success. To-day millions of pounds of casein are used annually for this purpose.

This casein industry was built up under many obstacles. It was developed by a study of milk statistics in hundreds of sections of the country and by locating casein equipments at creameries in sections where milk was most plentiful. It was difficult at first to get the creameries interested. The machinery had, in most instances, to be installed for them and the creamery men carefully instructed. Then it was necessary to introduce the product to the paper-coating mills. Progress was made only after the most discouraging experience. But the product eventually came into successful use and by 1900, according to the United States census report of that year, the production of casein in this country had increased to about 12,000,000 pounds for that year. The bulk of this casein was used in the manufacture of surface-coated paper.

It should be mentioned here that casein is present in milk in a very small amount—between 3 and 4 per cent, the yield being about 3 per cent. On the basis, therefore, of a production of 12,000,000 pounds per annum, there must have been some 396,000,000 pounds of skim milk used to produce this casein. This skim milk was treated at hundreds of creameries. It is probably not far from the truth to say that in the manipulation of 396,000,000 pounds of skim milk for the production of 12,000,000 pounds of casein the process will be carried out at some 400 creameries, scattered all over the country, from Maine to California. The creameries get their milk from the farmers, the number of farmers per creamery ranging from 20 to 250. On the basis of 100 farmers delivering their milk to each creamery, there would be, in the production of 12,000,000 pounds of casein per annum some 40,000 small farmers involved. By virtue of the ability of the creamery to utilize skim milk for the manufacture of casein the farmers receive a higher price for their milk than if the skim milk were thrown away or used for feeding purposes.

Casein from the Argentine Republic appeared in this market during 1904. With regard to this casein Mr. Burdette stated before your committee that our company conducted a case before the Board of Appraisers in New York, testing the dutiability of the article, but that we later "changed front entirely upon the question of duty." The reasons for this abandonment of our protest against the action of the collector were pointed out to the Treasury Department and were entirely satisfactory to that department. These reasons had nothing to do, in spite of Mr. Burdette's statements to the contrary, with the rupture of our relations with South American producers.

Further, after an interval of some eighteen months, the menace of Argentine casein had become very great and we saw that it was to the interest of domestic producers that a specific duty should be assessed against importations of casein. When the danger was recognized our company gave the Government all the help in our power, that the danger might be averted. For the last three years we have urged that casein be made dutiable.

The menace of Argentine casein came prominently before us during the course of 1905. The European market was then supplied with casein exported in considerable quantities from the United States. Our own company was something of a factor in this European business. Before the close of 1905 such was the volume of low-priced Argentine casein shipped into Europe that we were driven from that territory altogether.

After driving us out of Europe, the Argentine producers offered their product in this country in competition with the product of domestic creameries. In 1905 the price of casein to the paper coaters was 8 cents per pound. It had stood at that figure for six years. In 1906, to meet the competition of the Argentine casein, the price here was reduced to 7 cents per pound. The following year found the Argentine casein pressing us harder than ever, with the result that we had to offer casein in this country at $6\frac{1}{2}$ cents per pound. The only way in which we could meet the Argentine price was to offer the creameries less for their casein than we had previously been paying.

Is not this the crux of the whole matter and the determining factor, indicating the necessity of a duty on casein in the interest of those milk centers now engaged in the production of casein? To compete with Argentine casein, entered free of duty, the manufacturer here will be obliged to reduce the price he pays the creameries for casein and the creameries, in turn, will reduce the price they pay the farmers for their milk.

But this is not all. There is a low limit to the price of casein at which the creameries will not manufacture it. When this point is reached the creamery will throw away the skim milk or use it for feeding purposes. Hence, if the casein industry is to be preserved, it is necessary that it should be protected by a duty sufficiently large to overcome the difference between the price of skim milk and labor in the United States, compared with those factors in the Argentine Republic.

We are filing with this memorandum a copy of the government brief in the suit of the United States *v.* Brownell, and invite your attention to pages 29 to 32 of said brief, covering the tariff history of this country, so far as it relates to lactarene. We are satisfied that after reading same the opinion of your committee will be unanimous that had casein been a commercial quantity when the tariff act of 1897 was adopted, Congress would have taken lactarene from the free list and made casein dutiable in its stead.

Particularly, we mention the fact stated in that brief that, with one exception, milk and milk products are dutiable in the tariff act of 1897, as follows: Butter at \$0.06 per pound, under paragraph 236; milk (fresh) at \$0.02 per gallon, under paragraph 238; milk (preserved or condensed, or sterilized) at \$0.02 per pound, under para-

graph 239; milk sugar at \$0.05 per pound, under paragraph 239; cheese at \$0.06 per pound, under paragraph 237.

It has always been the desire of Congress to protect the agricultural products of this country. That casein was left out of the act of 1897 was due to the fact that it was not a commercial entity at that time. But if that omission was made in 1897, is it not now the duty of Congress to make good that omission by treating casein the same as other products of the dairies?

We can not conclude this memorandum without referring to some statements made by Mr. Burdette, with the object of influencing your committee to give favorable consideration to the matter of putting casein on the free list.

One statement made by Mr. Burdette is that our company has a practical monopoly in furnishing casein in this country. Nothing could be further from the truth. We give below the names of 19 manufacturers of casein, creameries, or dealers in casein at this time engaged in active competition with our company. All of these, with the exception of T. M. Duche & Sons and Doherr, Grimm & Co., are either actively engaged in the manufacture of domestic casein or handle the product of domestic creameries:

Union Casein Company, Diamond Creamery Company, Nowak Chemical Works, Richard Heim, Milk By-Products Company, Innis, Speiden & Co., Geo. M. Munro & Co., Howe, French & Co., D. W. Whiting & Son, Diamond Casein Company, Simpson, McIntire & Co., F. Atteaux & Co., F. Behrend, T. M. Duche & Sons, Paper Makers Chemical Company, Doherr, Grimm & Co., H. B. Hood & Son, C. Brigham & Co., Sheffield Farms-Slawson-Decker Company.

We should like it noted here that, in our opinion, Mr. Burdette adopted an unfair method of bringing the claims of his clients before your committee. Again and again he referred to our company as a monopoly. While we have a few creameries of our own, we buy the product of hundreds of creameries scattered over the United States. In each of these creameries is a little equipment for the manufacture of casein. As already explained, the creameries buy their milk from the farmers, and by reason of their ability to manufacture casein from skim milk are able to pay the farmers a higher price for their milk. Mr. Burdette knew that if he presented this aspect of the case that aggregation of large capital, known as the Association of Surface-Coated Paper and Board Manufacturers, with their own surface-coated papers protected at 2½ cents a pound and 15 per cent ad valorem, would receive scant attention from your committee. He therefore directed his attack upon our company and hoped, by characterizing us as a monopoly, to secure more favorable consideration for the claims of his constituents. We have given you the names of 19 manufacturers or dealers in casein who are actively competing with us. We do not think further evidence is necessary to show that our company has no monopoly of the casein business of this country.

Another ground on which Mr. Burdette asks for the entry of casein free of duty is that our company can not supply the imperative demand of the paper manufacturers, because we can not ourselves get the raw material. We should like to mention in this connection that from the beginning of our organization in 1900 to the close of 1905

it had been the invariable practice of our company to accumulate large quantities of casein for the benefit of our customers. Our stock at times ran up to 4,000,000 or 5,000,000 pounds, and in all the contracts we made it was stipulated that our company should furnish the full requirements of our customers. As explained to you, in 1905 the Argentine producers drove us out of Europe and menaced us here with their product. At the close of 1905 we asked the coaters to buy their requirements from us, particularly as we had accumulated millions of pounds to meet their needs. Their reply was that there was no obligation to buy from us. We had to reduce the price of our product from 8 cents to 7 cents a pound in order to hold our trade. The following year, 1907, we had to reduce our price to 6½ cents per pound, because the paper coaters ignored the fact that we had accumulated large stocks to meet their requirements and used our necessities to force us to meet the competition of the Argentine product.

With the paper coaters showing a disposition to buy solely from those who would sell their casein cheapest our company was obliged to curtail production and reduce our stocks. If, therefore, the paper coaters have found that their penny-wise policy has resulted in insufficient stocks of casein being held for their requirements they have no one to blame but themselves.

Mr. Burdette further stated that the domestic supply of casein of this country "is entirely inadequate to meet the demand of the paper manufacturers." We take issue with Mr. Burdette in this statement. We have during the present year furnished casein to our own trade, and in addition have sold over a million pounds to coating mills who are not amongst our regular customers. In addition to that we have nearly a million pounds more stock on hand than we had at the beginning of the year, showing that the consumption has not been equal to production.

Mr. Burdette undoubtedly refers to the increasing large quantity which he thinks his clients will consume during the ensuing year. This extra large consumption has only been foreseen since the November elections. If, on the other hand, the elections had turned out differently and the country had entered on a period of industrial stagnation the surface-coated paper manufacturers would not have bought from this company or from anyone 1 pound more of casein than they had use for. Under these circumstances we and no other manufacturer of casein felt any incentive to accumulate a large stock of this commodity. If there be a shortage the policy of the surface-coated paper manufacturers, as shown by their attitude toward our company, will readily explain the shortage.

As a matter of fact, there need not be other than a temporary shortage of casein in this country. It is simply a question of the development of the industry. If Congress will accord the measure of protection that will equal the difference between the cost of skim milk and labor in this country, as compared with those factors in the Argentine Republic, new creameries will be equipped with casein machinery and the product of this country will be largely increased. In the meantime the Government would have the revenue.

Mr. Burdette stated that the importations of casein had practically ceased for two reasons, one of which was the imposition of the present duty (20 per cent ad valorem). Such a statement could only be

made through ignorance. We have already referred to the sworn statement of one of the largest producers of casein in the Argentine that, on the basis of the production of 3,800 tons per annum, casein can be made in the Argentine at a cost of about \$0.0347 per pound. Mr. Burdette's statement that the collection of a duty of 20 per cent on casein which can be produced for 3½ cents per pound in the Argentine will preclude its importation to the United States in competition with casein selling at 8 cents per pound is unworthy of consideration.

Mr. Burdette stated that he thought his clients should be able to buy their casein "for not over 6½ cents a pound," and Mr. Julius M. Mayer, who also addressed your committee, stated that his clients, T. M. Duche & Sons, "were not taking chances on bringing casein in with a duty added and make a profit at 6½ cents a pound, because they were afraid that the Casein Company of America might cut under their price." As T. M. Duche & Sons represent the largest producers of casein in the Argentine Republic, it might be inferred that the members of the Association of Surface Coated Paper Manufacturers have had negotiations with those handling the Argentine casein and are in a position to buy the Argentine product at a lower price than our company or other manufacturers in the United States can afford to sell it.

So far as the ability of our company to sell casein at 6½ cents a pound is concerned, we state emphatically that notwithstanding Mr. Burdette's representations we can not furnish this commodity at that price. If such stocks of casein as we have sold this year had been marketed at 6½ cents a pound, our company would have sustained a loss throughout the entire year.

On the first page of this memorandum we have informed you that this year the actual cost of domestic casein, New York, has been \$0.063 per pound. That covers the bare cost of labor, material, and freight. No selling or general expenses are included in this figure. As a matter of fact, these expenses are very high. The casein has to be accumulated in the summer months, when milk is plentiful, and carried over to the winter months, when it is distributed. Furthermore, in this industry it is customary to pay agents 5 per cent for making sales, and practically all sales are made through agents. On top of the 5 per cent commission on sales the trade deducts 2 per cent for discount. In addition, freights have to be paid to the coating mills, and in many cases there are allowances to be made. Then there is the depreciation of plant and machinery, which is very large.

As the actual cost of casein f. o. b. New York is 6.3 cents per pound, not much thought need be wasted as to whether we have the ability to sell the product at 6½ cents per pound, from which must be deducted 7 per cent for commissions and discounts and an additional amount to cover general expenses of the company, depreciation of plants, etc.

Mr. Burdette appealed to your sympathies when he stated that his clients, S. D. Warren & Co., had to get their surplus supply of 800,000 pounds of casein by picking it up, by "traveling around through the wilds of Maine, getting the dairies there to put a part of their skim milk into casein." What, then, must be said of the difficulties of our company, which is expected to meet the requirements of a large number of the surface-coated paper manufacturers of

this country and who have been called upon to send our agents into hundreds of sections of this country in order to get the casein which these paper coaters require?

The business is not what might be called profitable. There is too much expense necessary in exploitation. It is doubtful if we have made for the entire period since the organization of our company to the present time 6 per cent per annum on our investment.

So far as Mr. Burdette's statement, that our company has heretofore required the surface-coated paper manufacturers to contract that they will not buy their casein supplies from anyone else, is concerned, that statement is untrue with respect to every contract where we have not agreed to supply the maximum requirements of the coaters. If we agree to furnish their maximum requirements, it is proper that they should buy their requirements from us. Beginning 1907 it has been our practice to supply a stipulated quantity, minimum and maximum amounts. The minimum we oblige the coater to take, the maximum we agree to deliver. The coater is privileged to buy outside any amount in excess of that which our company is unable to deliver, and from whomsoever he may wish.

Mr. Burdette stated that if the three surface coated paper companies which he represented (with a capital of about \$20,000,000) could buy their casein from abroad and bring it into this country free of duty, those three mills would make a saving of \$50,000 to \$75,000 a year. We do not notice in Mr. Burdette's remarks that he explained the details of this saving. He did not, for instance, tell your committee that the coating is only about 25 per cent of the weight of the surface-coated paper, and that there is only about 15 per cent of casein in the coating, and that a reduction in the price of casein from 8 cents to $6\frac{1}{2}$ cents per pound would only make a difference of about one-twentieth of a cent per pound in the cost of the coated paper. This amount is so insignificant that the consumer would certainly not get the benefit of it. The surface coated paper manufacturers would realize this benefit at the expense of the agricultural and dairy interests of this country.

We ask your committee if it be fair to accede to the claims of the surface coated paper manufacturers, with a capital probably in excess of \$100,000,000, and with an industry which is protected by a duty of $2\frac{1}{2}$ cents per pound and 15 per cent ad valorem, that casein be entered free, at the expense of destroying this casein industry which has been built up so laboriously over a period of fourteen years? We do not believe that your committee will accede to that request.

On the contrary, we believe that a consideration of the facts will make your committee overwhelmingly of the opinion that for the protection and furtherance of the casein industry of this country the imposition of a duty on importations of casein is a necessity. We respectfully ask that this industry be protected by taking lactarene, paragraph 594, off of the free list and making it and casein dutiable, as follows: Casein or lactarene, unground, $2\frac{1}{2}$ cents per pound; ground, $2\frac{3}{4}$ cents per pound.

Yours, respectfully,

CASEIN COMPANY OF AMERICA,
By MAURICE BARNETT, *Secretary*.

**THE TRENTON (N. J.) OIL CLOTH AND LINOLEUM COMPANY ASKS
THAT CASEIN CONTINUE FREE OF DUTY.**

TRENTON, N. J., *December 17, 1908.*

HON. SERENO PAYNE,

*Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: Our attention has been directed to an article appearing in the December 10 issue of the Paper Trade Journal under the caption of "Dangers of free casein," being an open letter by the Casein Company of America. This letter is a reply to an article appearing in the November 26 issue of the same paper under the caption of "Want casein to be on free list," and refers to the statements made before your committee by E. W. Burdett and the National Association of Surface Coated Paper and Board Manufacturers.

As indicated by Mr. Burdett in clause 1, "There are no independent factories, and the Casein Company of America has a practical monopoly of the furnishing of casein in this country."

Second clause: That the Casein Company of America holds a number of patents which it has used in connection with its litigation, attempting to impose a duty on casein and to exclude from the market practically everybody but themselves.

Third clause: That the domestic supply of casein in this country is inadequate to meet the demands of the paper manufacturers.

Fifth clause: That the Casein Company will not guarantee to supply the needs of the paper coaters, and that it will not even contract to furnish all that the paper coaters will consume.

With reference to the fifth clause and others mentioned, would say we use annually a considerable quantity of a product of casein known as "insoluble albuminoid." We have been purchasing this from Messrs. J. A. & W. Bird & Co., of 62 Maiden Lane, N. Y. City, as sales agents for the Casein Manufacturing Company, which we understand is the same concern as the Casein Company of America, or one of its subsidiary companies.

We have been purchasing this material from them for some years, and sent orders for material as required. We quote below from letter received from them, under date of November 11, which will show to a certain extent the status of affairs at that time:

We are in receipt of your valued favor of the 5th instant, addressed to our Boston office, ordering 5 barrels of insoluble albuminoid, for which kindly accept our thanks.

We very much regret to state that owing to the great scarcity of raw material we will only be able to ship you 1 barrel at once, as we are completely oversold. This year we have only been able to obtain about 50 per cent of the necessary raw material. We are writing our works to see if they can not spare you the balance of your order and just as soon as we have a definite reply we will be most pleased to advise you.

We wrote them promptly, as we wanted to protect ourselves in case they were unable to supply the material. We even asked them to give us the names of some foreign houses handling this material.

We quote below their letter of November 13, which is interesting:

We are taking this matter up with our managers' office and will do our best to obtain for you an additional quantity of insoluble albuminoid as you request, and just as soon as we receive some definite information we will advise you at once. We will say for your information that this has been one of the most difficult years that we have ever experienced in getting sufficient raw material. So far we have only been able to obtain about 50 per cent of what we really needed to conduct our business normally, and from the present outlook we can not see where we can obtain any more

raw material, although we are doing everything in our power to procure the same. We write you in this frank manner so that you will thoroughly understand our position in the matter, as we never like to turn down orders from such good customers as yourselves, who have been so kind to us in the past.

We particularly direct your attention to their letter of November 20, as follows:

Replying to your valued favor of the 19th instant we beg to advise you that we received advice from our Boston office on the 17th instant, stating that they were going to ship 4 barrels of insoluble albuminoid to you in the course of the next few days to complete your order, No. 3404, O. C. department. We have not as yet received advice from our Boston office stating that these goods have gone forward, but we presume they have. We are, however, writing them to hasten shipment as much as possible.

Now as regards your order No. 3525. We are unable to give you any definite information at this moment when we will be able to fill this order, as we are now investigating our sources of raw material to see if we can not spare these goods for you, but it will be several days before we will have this information collated. Just as soon as we have some definite information we will be most pleased to advise you. As regards your remarks about other sources of supply, we beg to advise you that at the present moment we do not know of any of this material to be found on the market, as owing to the great scarcity of raw material every available pound has been bought up. Our principals, The Casein Manufacturing Company, are the largest manufacturers of this product in the world, and they are importing their raw material from any place they can get their hands on it. The whole trouble is that the supply this year is not adequate to the demand. This strikes us at a time when business conditions are much improved to what they have been, which makes it all the more hard for us.

We also direct your attention to their letter of November 28, as follows:

Now as regards your orders No. 3552 and No. 4042, we beg to advise you that at this writing it will be absolutely impossible for us to accept these orders, as at this moment we have absolutely no insoluble albuminoid which we can give you. We, however, will be happy to accept your orders upon the distinct conditions that if we have any to spare we will give you what we can, but if we do not have any, then it will be impossible for us to fill same. We write you in this manner so that there will be no misunderstanding between our good selves, as we never like to make promises that we can not make good, and, as we said before, if we should have an extra supply of insoluble albuminoid, of course we will be most pleased to give you what we can.

You see they have declined to accept two orders forwarded to them for some of this material.

We also quote below from their letter of December 3, as follows:

We are doing our level best to procure more raw material, and if we do so we will be most pleased to advise you at once, although we will say for your information that at this moment our chances are not very bright; however, we will do everything that we can do to procure a further supply of insoluble albuminoid.

At the present time you see we are unable to procure any insoluble albuminoid, and are placed in the position of having to cast about for material that will answer the same purposes and give us the same results at no higher cost. To put it plainly, we are very much put out by this action on the part of the Casein Company of America.

We need this material in our business, as we use it in considerable quantities, and inasmuch as the domestic manufacturers are unable to take care of the demand for it we ask that your committee give attention to our request and, if in their judgment they deem it proper, to place this article upon free list, thus permitting manufacturers who use this article and by-products of same to secure sufficient for their requirements at a price within reach of all.

Yours, truly,

TRENTON OIL CLOTH AND LINOLEUM CO.
E. F. CONNOLLY, *Cashier.*

CANNED FOOD PRODUCTS.

STROHMEYER & ARPE CO., NEW YORK CITY, SUGGESTS CHANGES
IN PARAGRAPHS RELATIVE TO ARTICLES OF FOOD.

64 PEARL AND 34 WATER STREETS,
New York, November 16, 1908.

HON. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

SIR: The undersigned beg to state that they are engaged in the import of the world's food products and that they are among the largest distributors of these goods in America. They further beg to state that they have endeavored to have all or most of the importers of food products represented jointly before the committee, but, owing to lack of time, have not been able to accomplish this object.

The undersigned beg to submit for your consideration a few changes in the tariff, should a revision be contemplated. The proposed changes will undoubtedly be heartily indorsed by all importers of food products.

The undersigned are unalterably opposed to any reduction in the tariff rates in general, but they beg to suggest some changes which ought to eliminate the now so frequent differences of opinion in regard to market value of imported food products.

At the present time it is almost impossible to arrive at the correct market value of food products which are imported from some of the Latin countries, like Italy, Spain, etc., and the consequence is that innumerable protests are filed, which take up the time of the board of appraisers.

Under the present tariff canned vegetables, for instance, like tomatoes, tomato sauce, peppers, etc., pay a duty of 40 per cent ad valorem, while other vegetables, for instance, peas and mushrooms, are assessed at the rate of $2\frac{1}{2}$ cents per pound gross weight. There seems to be no valid reason why certain vegetables prepared in the same manner should pay ad valorem and others a specific duty. The records will show that there is continued friction between the appraisers and the importers in regard to the value of some of these vegetables, for instance, tomato sauce, tomatoes, etc., the importation of which articles is growing daily, and all for the reason that it is almost impossible to arrive at a correct market value on these goods. The undersigned therefore respectfully suggest that all vegetables be assessed a uniform rate of specific duty.

Certain kinds of fish in tins containing more than 70 cubic inches under the present tariff pay 40 per cent ad valorem, while other kinds pay a duty of 30 per cent only. We respectfully beg to point out the inconsistency of this paragraph of the tariff. The 40 per cent clause refers to fish known as anchovies, sardines, sprats, sardelles, and bristlings, none of which appear in American waters and none of which can be produced here. On the other hand, some of the fish which is imported under the 30 per cent clause, for instance, fish balls, kippered and tomato herring, etc., can be and are made in the United States of America, and under the principle of protection of home industry should by rights pay a higher duty than those articles which can not be produced here. We would respectfully suggest that

all kinds of fish, irrespective of their nature, be assessed the same duty, and not an ad valorem but a specific duty, so as to avoid a possibility of dispute as to the market value of these goods. A specific duty can be very easily fixed, as specific duty applies already to fish in tins containing less than 70 cubic inches.

Sardines and sprats in tins containing $7\frac{1}{2}$ cubic inches or less under the present tariff are assessed a duty of $1\frac{1}{2}$ cents per tin. Larger cans under the present tariff pay a proportionate higher duty. Since the present tariff has been enacted there are imported sardines in tins containing from 4 to 5 cubic inches and are assessed at the same rate of duty which is paid for a tin twice the size. This seems unjust, because those small tins containing between 4 and 5 cubic inches are used principally by the poorest class of inhabitants of the United States, being specially adapted as a wholesome article of food for luncheon purposes. It would seem just that those small tins be assessed a lower rate of duty than the larger tins.

Olive oil for machinery purposes under the present tariff does not pay any duty, while eatable oils imported in barrels pay a duty of 40 cents per gallon. Of late there have been before the board of appraisers innumerable cases where it has been absolutely proven that this cheap olive oil which is brought in and entered as machinery oil free of duty has been and is being used for eating purposes; thus the United States Government has been defrauded of a duty of 40 cents per gallon which should have been paid on those imports, and the honest importer who has entered the goods and paid the duty thereon is unable to compete and is virtually driven out of business. In other countries this very same difficulty has been encountered and has been obviated very successfully by a customs rule, that to all oils imported for machinery purposes a substance should be added which will make them absolutely inedible. Some countries have ruled that a small proportion of oil of rosemary be added under the supervision of the customs authorities at the port of entry, and while the addition of this oil of rosemary will leave the oil absolutely fit for machinery purposes, it will make it absolutely unfit for eating purposes; thus a great deal of work would be spared to the board of appraisers and the tariff revenue on this article would be vouchsafed and the honest importer would be saved from illegitimate competition.

Beans, under the present tariff, pay a duty of three-fourths of 1 cent per pound, still there is, for instance, one class of beans called "lupini," which, under the present tariff, is assessed a duty of 20 per cent ad valorem. Another class of beans, "lentils," under the present tariff, pays a duty of 25 per cent. The prices of just those two articles vary constantly and considerably, and there is always friction between the appraiser and the importer in regard to their value. Would it not be just that all these beans and peas be assessed the regular specific duty of three-fourths of 1 cent per pound, or smaller, if the tariff committee should see fit?

Salt fish in barrels, like herring, mackerel, etc., are assessed a specific duty of one-half cent per pound of net fish. To arrive at the net weight of the fish contained in the packages, the weigher is obliged to take the contents from a certain percentage of packages on arrival of each shipment. Some of those fish, like Norway mackerel, for instance, are very expensive, a barrel costing sometimes from \$40 to

\$50. It very frequently happens—in fact it is an almost daily occurrence—that those packages weighed in the aforesaid manner become partly and sometimes totally worthless, as it would be impossible for the weigher to replace the fish into the packages in the same condition and put back the brine which has leaked out and which is absolutely necessary for the preservation of the fish to avoid these absolutely unnecessary losses. Mackerel are always imported in barrels of uniform weight, 200 pounds of net fish per barrel. Norway herring, for instance, are always imported in barrels containing 100 kilos or 220 pounds of net fish. Scotch and Holland herring sometimes vary. The undersigned respectfully beg to suggest that a uniform specific rate of duty be applied to all those fish. Probably a certain just percentage of tare could be allowed to be deducted from the gross weight of the packages.

Trusting that these recommendations will be kindly received by your committee, the undersigned beg to remain,

Most respectfully, yours,

GUSTAVE PORGES,
Secretary of the Strohmeier & Arpe Company.

IMPORTERS, WHOLESALE DEALERS, AND JOBBERS OF VARIOUS FOOD PRODUCTS SUBMIT A SCHEDULE OF RATES.

WASHINGTON, D. C., *December 20, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned, importers, wholesale dealers, and jobbers of groceries and food products, submit for the consideration of your committee the following, with a view to facilitate the collection of duties and to increase the revenue of the Government from these sources.

PREPARED OR PRESERVED VEGETABLES IN TINS, JARS, BOTTLES, OR SIMILAR PACKAGES.

The framers of the tariff act approved July 24, 1897, scheduled pease, beans, and mushrooms, prepared or preserved, at 2½ cents per pound, the weight of immediate covering included; this effectually ended attempts at undervaluation and greatly facilitated collection of duties.

Truffles excepted, as all prepared or preserved vegetables are of about the same value, we respectfully recommend a duty of 1 cent per pound, immediate covering included in weight, considering this duty ample to compensate any possible increased cost of labor here as compared with labor abroad.

Truffle.—This article, which is not produced in the United States, and which stands in a class by itself in both use and value, remained in the schedule of nonenumerated vegetables at 40 per cent, as the attention of the framers of the act was not specifically directed to it. The average half tin, containing 200 grams, or about 7 ounces, of truffle, weighs (tin included) 13 ounces; the average value is 4 francs less 5 per cent, about 74 cents. The present duty at 40 per cent being about 30 cents per half tin, this extremely high duty had discouraged consumption, and we firmly believe that with a lower

rate the use of this article would be as general and as large in the United States as it is abroad and that the revenue derived under half the present rate would be increased, and we would therefore recommend a rate of 18 cents per pound, the weight of immediate covering included.

SARDINES, ANCHOVIES, SPRATS, BRISTLINGS, SARDELS, OR SARDELLEN, PACKED IN OIL OR OTHERWISE IN BOTTLES, JARS, TINS, BOXES, OR CANS.

The present tariff schedules these articles at $1\frac{1}{2}$ cents per package containing $7\frac{1}{2}$ cubic inches or less; $2\frac{1}{2}$ cents per package containing more than $7\frac{1}{2}$ cubic inches and not more than 21 cubic inches; 5 cents per package containing more than 21 cubic inches and not more than 33 cubic inches; 10 cents per package containing more than 33 cubic inches and not more than 70 cubic inches.

The preceding tariff exacted a duty of $2\frac{1}{2}$ cents on quarter boxes measuring not more than $4\frac{3}{4}$ inches long, $3\frac{1}{2}$ inches wide, and $1\frac{1}{4}$ inches deep. Practically all importations were in boxes of this size or less, the quantity of large-size boxes being too small for consideration.

The attention of the framers of the act of July, 1897, was called to two disadvantages in this rating.

First. A box exceeding the stated dimensions in any one particular of length, width, or depth could not be entered as a quarter box, even if the cubic contents did not exceed the total dimension.

Second. No provision was made for a box smaller than above dimensions.

The act of 1897 substituted a rating by cubic contents, irrespective of shape, and acceding to representations by the trade that a smaller box should pay an equitably less duty, a rate of $1\frac{1}{2}$ cents was applied to boxes of $7\frac{1}{2}$ cubic inches or less, which was in part a relief, but it still left a wide divergence, comprising boxes of $7\frac{1}{2}$ cubic inches to those of almost three times as much capacity—i. e., 21 cubic inches, all at $2\frac{1}{2}$ cents per box duty.

The boxes of less than 21 inches are purchased by the small consumer of moderate means, and the injustice of taxing this small box at the same rate of duty as the larger one will be at once apparent to your committee.

We would respectfully suggest that, basing upon the present duty of $2\frac{1}{2}$ cents for the 21 cubic-inch box, which weighs 17 ounces, immediate covering included, and hence is equal to 2.35 cents per pound, that a rate of duty of 2.35 cents per pound on these articles, including the weight of the immediate covering and irrespective of size or shape of package, be substituted for the present schedule, as more equitable and more easily and quickly ascertained, thus facilitating the collection of revenue. We also believe that consumption of the boxes intermediate in size between the $7\frac{1}{2}$ and the 21 cubic inches will be materially augmented, and the customs revenue correspondingly increased.

OLIVES.

California growers have requested that the duty on olives in bulk should be advanced from 15 cents per gallon to 25 cents per gallon, in order to protect a home-grown product. We show you below that the importation of Spanish olives in bulk has developed an important

American industry, and as such is entitled to the same consideration as is extended to other national interests.

The chief demand is for olives packed in glass, which enables the consumer to see that which he is offered. The ripe or semiripe California olive is not suitable for bottling, and experience has proven that it will keep only in hermetically sealed tins; for this reason and because of its entirely different appearance and flavor compared with the Spanish olive, it is commercially, and in fact, an entirely different article. An increased duty could in no way benefit the California interest and would only result in adding to the cost of the imported article, restricting its consumption, and hence materially reducing the revenue derived from this source.

The imported olive sells from 40 cents to \$1.50 per gallon in bulk, while the California product does not bring more than about 50 cents per gallon in bulk, conclusively showing that the price of the domestic article is not held down by competition of the foreign olive, but its value is decided by its intrinsic merit and its appreciation by the consumer.

We urge upon you consideration of the fact that the imported olive is a raw material indispensable to an important American industry of an annual amount of \$3,000,000, in which the American interest enters for \$2,040,000 and the foreign for only \$960,000; and, further, it is our earnest belief that a reduction of duty from 15 cents to 10 cents per gallon, for which we petition, would so stimulate this industry that the present revenue would be most materially increased.

There are annually imported approximately 10,000 pipes of 160 gallons each, representing foreign interest of foreign value-----	\$960,000
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While the American interests are:

American-made bottles, cases, labels, etc-----	\$1,000,000
Salaries and wages to American labor-----	500,000
American profits of this industry-----	300,000
United States revenue on above importations-----	240,000

Total American interest-----	2,040,000
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3,000,000

After many years of effort and experiment, California can oppose only 150,000 gallons (their figures), at 50 cents-----	75,000
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As shown by the California statements.

The enterprise and activity of California growers has been demonstrated by their success in the cultivation and preparation of prunes, dried apricots, and peaches, in which articles they have not only stopped importations, but have also exported and successfully sold these fruits on the very markets that formerly supplied the United States. Hence, it is self-evident that their failure to produce any showing in keeping on olive growth is attributable not to lack of will and energy, but altogether to soil and climate which can not produce an olive similar to the imported Spanish article.

OLIVE OIL.

We take from the exhibit submitted by Mr. Edward F. Woodward, chairman of the California commission, the following figures:

Importation of olive oil in 1898-----	Gallons. 736,877
Importation of olive oil in 1907-----	3,449,517

Showing an increase of 2,712,640 gallons in nine years, or at the rate of 300,000 gallons each year.

The California production of 1907 is stated as 350,000 gallons. The subcommittee admit that an orchard of 160 acres, after being cultivated for fifteen years and producing during eight years, results in an income of \$1.35 per acre during time of production. The logical deduction would be that the best of care and attention which it is stated was given this orchard could not combat the natural causes of this poor result, which were unsuitable climate and soil. The report does not state the quantity of oil produced by this orchard, or this figure would have been more instructive. The profit, however, seems to show that it must have been very small, and certainly no amount of protection could have increased the yield.

It is doubtless unnecessary to enter into further details to show that the conditions governing the production of olive oil are similar to those already stated concerning olives—i. e., the olive tree can not successfully thrive in unsuitable soil and climate—and this from results obtained appearing to be the case in California, it is difficult to see how this State could succeed in producing the quantity required by consumption, but even should it be able to do so, the present duty, equivalent to 30 per cent of the foreign cost, as shown by the California committee, more than offsets the difference in cost of Californian and European labor.

The annual increase in the consumption of olive oil is almost as much as the entire production of California, and this increase augments annually, chiefly by reason of the efforts of the medical profession urging its use as a nutritious, palatable, and healthful food, and in many cases as a remedy.

California has reason to be proud of the immense increase in its production of walnuts, oranges, prunes, etc., to which its committee calls attention, but reading this report further it states that the production of olive oil in Italy is fully equal to the total production of all other European countries combined. Now, when we compare these statements to the one of the 160-acre olive orchard, we are forced to the conclusion that growth and yield are the result of natural causes, and can not either be produced or increased by protection or added cost of labor.

We therefore respectfully submit that the duty be made 30 cents per gallon upon olive oil in small packages as ample, and further that if the duty on oil in bulk was reduced to 20 cents per gallon, the result would be an American industry in bottling far exceeding the one established in bottled olives.

We would most urgently recommend that olive oil imported for industrial purposes free of duty should be thoroughly denatured and rendered absolutely unfit for use as an edible oil.

Respectfully submitted.

La Manna Azema & Farnan, 397 Washington street, New York; Park & Tilford, 917 Broadway, New York, J. R. Agnew, vice-president; Acker, Merrill & Condit Co., 135 West Forty-second street, New York, Frank A. Merrill, vice-president; Austin Nichols & Co., 61 Hudson street, New York, per J. C. Mahlon; Clark, Chapin & Bushnell, 397 Greenwich street, New York; Truman Brotley, Hudson and North Moore streets, New York; W. B. S. Jurgens, by Chas. H. Bogel, 248 Flushing avenue, Brooklyn, N. Y.; Heissenbutt C.

Hearing & Co., 230 Flushing avenue, Brooklyn, N. Y.; Henry McGruber & Son, 66 Washington, Brooklyn; Henry L. Meyer, 37-157 Wallabout Market, Brooklyn; James S. Smith & Company, New York and Chicago; Meyer Lange, New York; Argenin Carl Rainey, New York; Godillot & Co., New York; Francis H. Leggett & Company, Francis H. Leggett, president, New York; Geo. F. Brady, New York; R. C. Williams & Co., per F. H. Olson, New York; K. U. Delapentra & Co., K. U. Delapentra, president, New York; Von Bremen MacMoumes & Co., New York; Koenig & Schuster, New York; Bennett, Sloan & Co., per Charles M. Freeman, New York.

BEANS.

[Paragraph 240.]

HON. PETER A. PORTER, M. C., SUBMITS RESOLUTION OF THE GROVELAND (N. Y.) GRANGE RELATIVE TO BEANS.

JANUARY 4, 1909.

WAYS AND MEANS COMMITTEE,
House of Representatives.

GENTLEMEN: I beg to inclose herewith copy of resolution as adopted by the Groveland (N. Y.) Grange, protesting against the removal of the duty on beans.

Yours, sincerely,

PETER A. PORTER.

GROVELAND, N. Y., *December 29, 1908.*

HON. PETER A. PORTER, M. C.,
Washington, D. C.

DEAR SIR: The following resolution was adopted by a unanimous vote of the Groveland Grange:

"As the present duty on beans is now more than sufficient protection to the producer, and the average yield being less than 10 bushels per acre, one year with another, and the net price being less than \$2 per bushel, and we feel that it would be a great loss to the farmers of bean-producing sections to reduce the present duty; and that even with the present duty foreign beans are shipped here by the thousands of bushels every year, we feel great interest in retaining the present duty and respectfully ask you, our worthy Representative, to use all honorable means in your power to retain the same duty of 40 cents a bushel, and that if you have any advice or suggestion to make in regard to what more we can do, we will greatly appreciate the same."

Very truly, yours,

GROVELAND GRANGE,
Dr. JOHN MORRIS, *Master*,
J. C. MOORE, *Lecturer*,
D. E. GRAY,
M. J. CULBERSON,
JOHN MORRIS,
Committee on Resolutions.

BEANS, PEAS, CANARY SEEDS, AND LENTILS.

[Paragraphs 240, 250, 254, and 257.]

**C. F. COFFIN, NEW YORK CITY, WISHES LOWER DUTIES IMPOSED
ON ALL THESE VARIOUS ARTICLES.**NEW YORK, *January 11, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,**Washington, D. C.*

DEAR SIR: I am in receipt of yours of the 4th instant, and am glad to say what I believe to be the first word ever spoken in behalf of the unspeakable bean and one or two of its fellow-sufferers. It is possible that the voice of the oppressed may accomplish some slight alleviation of the burdens they have carried for many years. One can not read the testimony of witnesses before your Committee on Ways and Means and not realize that he who asks is the one who receives. It is almost as difficult to fight for a negative as it is to prove it. The great army of workers to whom time is often more precious than money can not afford to go to Washington and ask that burdens that seem unjust and unnecessary be not imposed, but it is an easy and profitable journey for those asking favors to go there. They are the ones, therefore, who are heard and who prevail. The consequence is that wealthy incompetents who declare themselves incapable of meeting natural, healthy competition and who ask that their fellows be taxed to make up that shortcoming succeed in having their wishes perpetuated in high tariffs.

We come with no such admission and no such request. We ask only that these self-admitted drones be denied the privilege of assessing for their own benefit those of their fellows who ask but the privilege of unmolested work. We ask no artificial stimulus or outside help; only that we be left alone and allowed to supply, with least trouble and expense, basic necessities.

Until the act of August 1, 1890, the duty on beans was 10 per cent ad valorem. The act increased it to 40 cents per bushel of 60 pounds, and the act of August 27, 1894, reduced it to 20 per cent. The act of August 24, 1897, increased it to 45 cents per bushel. The yearly imports from the national records, under the heading "Beans and peas and other seeds of leguminous plants," are herewith submitted:

1882 to 1889—Under a tariff of 10 per cent.

	Bushels.
1882-----	1, 190, 414
1883-----	1, 025, 888
1884-----	865, 367
1885-----	284, 770
1886-----	649, 002
1887-----	648, 388
1888-----	1, 942, 864
1889-----	765, 483

1890 to 1893—Under a tariff of 40 cents per bushel.

1890-----	1, 250, 287
1891-----	1, 656, 768
1892-----	874, 050
1893-----	1, 754, 943

1894 to 1896—Under a tariff of 20 per cent.

1894.....	1, 184, 081
1895.....	1, 535, 960
1896.....	613, 801

1897 to 1907—Under a tariff of 45 cents per bushel.

1897.....	482, 984
1898.....	163, 560
1899.....	184, 499
1900.....	967, 031
1901.....	1, 099, 640
1902.....	881, 966
1903.....	1, 088, 665
1904.....	978, 187
1905.....	472, 572
1906.....	458, 041
1907.....	406, 679

Beans are essentially and particularly the food of the poor, especially the working classes. They contain, with the addition of carbon in the shape of pork fat, every element necessary to sustain human life, and are imported only because they are not raised in sufficient quantity in the United States to supply the demand. When the crop is more or less of a failure the importations increase, and the larger the home crop the smaller the importations. It follows therefore that when the consumer most needs beans and the price should be lowest, it is, because of the duty of 45 cents per bushel, actually highest.

The Government clearly takes unwarrantable advantage of the necessities of the poorest and most helpless among its citizens to increase this tax. This is, in effect, monopoly in its worst form, for it is exactly what the speculator does when he corners food products and exacts the highest possible price.

Even contemned Venezuela, under President Castro, removed the tariff on beans and corn when there was a famine in the land. It is obvious from the tables of imports submitted above that bean importations are not affected by the tariffs, but that they vary according to the size of the home crop.

In the two years 1882 and 1883 there were imported, under a 10 per cent tax, 2,616,302 bushels. From that time until 1890 there was but one year in which the 1,000,000 mark was exceeded. Yet from 1890 to 1894, under a tariff of 40 cents per bushel, there were imported in each year more than 1,000,000 bushels, and in that one year it was only slightly below 1,000,000. In 1894, 1895, and 1896, under a 20 per cent tariff, there was no material change, there being 1,184,081 bushels in 1894, 1,535,960 bushels in 1895, and over a half million in 1896. From 1897 to 1908, under a tariff of 45 cents per bushel, there were in each of two years over 1,000,000 bushels imported, and in three years almost 1,000,000 each.

In regard to beans, therefore, I submit that every legitimate purpose will be accomplished by reducing the tariff to 10 or 15 cents per bushel of 60 pounds. This would make it practically what it was under the ad valorem rate which prevailed until 1890.

Under no circumstances should the duty be ad valorem. Merchants shrink from that kind of duty as from a bath of boiling oil.

SPLIT PEAS.

The duty on split peas is 40 cents per bushel, or \$1.40 per barrel of $3\frac{1}{2}$ bushels, the usual package. The manufacture of these goods is under the control of a trust, and there are now in the United States only three mills in operation. Between the American millers and the Canadian millers there is a combine. This is so exact and definite that an importer of split peas can not buy them in Canada except in bond for export. If he pays duty after they reach New York, to do which he must give a bond to the Government to produce consular certificate, he can not procure it. The Canadian miller will frankly tell him that he can not, under his agreement with the American millers, sell split peas for consumption in the United States, and will not therefore procure such consular certificate.

Certainly no further argument should be needed to have this duty removed or largely reduced, and thus free it from such an oppressive tax in behalf of a handful of manufacturers.

CANARY SEED.

Canary seed is assessed 30 per cent ad valorem, an infliction as surely due to misunderstanding as the death of Desdemona.

Until the act of 1897 it came in free; and to-day under that act the other seeds—hemp, millet, and rape—used for the same purpose as canary seed—that is, for bird food—come in free. These last three enter into competition with the home-grown article, whereas canary seed is not grown in the United States at all. It is not named in the act of 1897, but is assessed under the blind provision “Not specially provided for.”

Surely canary seed would have been placed on the free list if anybody conversant with the facts had laid them before the proper committee at the right time. Revenue can not be the purpose of the tax, for from 1900 to 1907, inclusive, the total amount of duties received was but \$201,966, a little over \$25,000 per annum. The vexation and trouble to which the importers are put to by this ad valorem tax is far out of all proportion to the return. It is a speculative article and the price fluctuates considerably. Often there are several shipments at different prices by the same steamer. It is unnecessary to point out what difficulties are thus caused at the custom-house when the seed reaches New York, or to what vexations the importers are subjected.

I submit, therefore, that as there is no possible excuse for this duty it be removed, and that canary seed be admitted free, as it was up to 1897, and as all other bird-food seeds are to-day.

LENTILS.

Lentils are most insignificant and are imported in such small quantities that no separate records of the importations are kept by the Government. They are included under the head of “Vegetables other than those enumerated.” The revenue from them is infinitesimal, although the annoyance to the importer is extreme because of the ad valorem duty of 25 per cent. They do not enter into competition with any home-grown article, for the only lentil cultivated in the

United States is a mongrel imitation which is held in general contempt by those who indulge in lentil soup. There is no excuse for the duty on this little thing, and I submit that no wrong can possibly be wrought by letting them come in free. But under no circumstances should the duty be on an ad valorem basis.

Yours, respectfully,

C. F. COFFIN,
New York Produce Exchange.

CABBAGES.

[Paragraph 242.]

J. D. HAGE & CO., NEW YORK CITY, URGE THE REMOVAL OF THE DUTY FROM CABBAGES OR REDUCTION OF SAME.

NEW YORK, *November 19, 1908.*

HON. SERENO E. PAYNE,

Chairman of Ways and Means Committee, Washington, D. C.

SIR: Being unable to appear in person before your committee, we beg herewith to submit a plea for putting cabbage on the free list, or at least reducing materially the present duty of 3 cents per head.

Prior to 1890 the duty on cabbage was merely a nominal one—10 per cent ad valorem. This was changed by the McKinley law to 3 cents per head, which rate has prevailed ever since, excepting the four years from 1894 to 1897, when cabbage was on the free list.

Cabbage began being imported here from Denmark in the winter of 1881–82 by our firm. It is an article that is grown so extensively and cheaply throughout the whole length and breadth of this country that it can never be imported here from foreign countries except when the native supply happens to give out during the middle of the winter before the new southern crop can be had. It has taken great sacrifices and long experience to learn how to bring the Danish cabbage forward in good order, and it costs so much to lay it down here, even without duty, that it can only be brought here when there is practically nothing left of native growth in the market.

Cabbage is consumed by the great masses—the rich seldom eat it—and although the importations are not made from a philanthropic motive, they can nevertheless be regarded only as a direct boon to the poor, who otherwise during the greater part of the winter would have to go without this healthy and comparatively cheap article of diet, at a season when other fresh vegetables are scarce and very dear.

The 3 cents duty has practically killed the importation from Denmark. On rare occasions, when the failure of the native crop has put the price here away up, some few importations have been made. Had there been no duty, the importations at such times would have been larger and the price here much lower.

Because of the impossibility of foreign cabbage ever competing, under normal conditions here, with the native product, it seems to us that the high duty can be considered only as working an injury to the consumers, without benefiting anybody.

It seems also like an injustice to the country from where the article is brought. It is a special product of a certain small island in Denmark, the only spot in Europe where cabbage grows in such perfection and of such keeping quality that it can be brought across the ocean and landed in prime condition. It is the only product that Denmark has ever been able to send over here in regular trade, and this was stopped by the 3-cent duty. Owing to the generally high customs duties here, no other Danish article finds a market here of any importance. At the same time, Denmark has been and is open for the free entry of American produce, grain, and provisions, flour and all kinds of feedstuffs, cottonseed cake and meal, linseed cake, gluten meal, bran, etc., which all have been and are going in a steady stream from here to Denmark and running into very large amounts compared to the size of that country.

The value of the cabbage importations did not run up very high—we think the high-water mark was reached in the winter of 1887, with 2,000,000 or 2,500,000 heads imported—but for a small country like Denmark it was of quite some importance, and, being a bulky article, it gave a good freight for the direct Danish steamship line, who have very little to sail with from Denmark.

For the various reasons submitted, we earnestly entreat your committee to put cabbage on the free list, or, if that is impossible, at least to put the duty back to 10 per cent ad valorem.

If any further particulars should be desired, we shall be most happy to furnish same upon request.

Very respectfully,

J. D. HAGE & Co.

CABBAGES, ONIONS, AND POTATOES.

[Paragraphs 242, 249, and 253.]

**FURMAN & PAGE, NEW YORK CITY, FAVOR RETENTION OF
PRESENT DUTIES ON POTATOES AND ONIONS.**

112 WARREN STREET,
BETWEEN WASHINGTON AND WEST STREETS,
New York, January 8, 1909.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee.

DEAR SIR: With an experience of thirty-eight years as importers and exporters and handlers of fresh vegetable produce, we believe that the duties on potatoes and onions as they now exist are correct.

But the duty on cabbage, the poor man's good winter vegetable, is unreasonably high. It can only be imported in quantities from Denmark at large cost of freight and packing and can not seriously compete with our home-grown cabbage.

We believe 1 cent per head an equitable tariff and would be for the general welfare of the people of the United States.

Most respectfully submitted.

FURMAN & PAGE,
Fruit and Produce Commission Merchants.

CABBAGES, POTATOES, AND TURNIPS.

[Paragraphs 242, 253, and 257.]

**C. W. SPRAGUE, LONG ISLAND, N. Y., WISHES PROTECTIVE DUTIES
IMPOSED ON ALL CLASSES OF GARDEN TRUCK.**BALDWIN, LONG ISLAND, N. Y.,
November 28, 1908.HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means.

DEAR SIR: Being aware that there is to be a revision of the tariff on imported articles and products, would say that I am a Long Island farmer engaged in growing vegetables for the New York market; have been in the same business on the same farm for thirty-five years. While the McKinley tariff was in force I and my neighbors were successful and made some money, but all too soon there came a change. The Wilson bill reduced the duties on some kinds of produce that I raised and put others on the free list, and, do the best we could, we could hardly make a living. During that period the market was flooded with foreign potatoes when ours only brought \$1.25 per barrel, and Long Island potatoes have always been considered the best in the world. It was even worse with cabbage. Foreign cabbage was brought here and sold for less than we could grow it. Our markets were also flooded with Canada turnips, often selling as low as 60 cents per barrel. This continued as long as the Wilson tariff was in force. But there came another change. The Dingley schedule restored the duties on some products to where they were on the McKinley schedule; also put a duty on some things that had formerly been on the free list. Immediately there was a great change for the better. The truck farmers began to prosper and have continued to prosper ever since. On account of these personal experiences I would suggest that the tariff on agricultural products be left the same as they are at present.

Yours, respectfully,

C. W. SPRAGUE.

EGGS.

[Paragraphs 244 and 245.]

**STATEMENT OF H. J. KEITH, OF BOSTON, MASS., WHO WISHES A
SPECIFIC DUTY OF 15 CENTS A POUND ON DRIED EGGS.**

THURSDAY, November 19, 1908.

MR. KEITH. I am representing H. J. Keith Company, at Boston, having a branch office in New York. I am at 72 South Market street, Boston, and 105 Hudson street, New York, is a branch office.

I wish to call your attention to a phase of the egg business and to raise in your minds a question whether the tariff on eggs is being consistently applied to eggs when broken out from the shell and changed in form for the purposes of transportation and preservation. Thinking that the subject may be new in this line of business to you, I have

taken the liberty of putting in my pocket some samples showing the products I especially wish to discuss. This first sample which I show you is the egg in a dry form. The whole of the egg consists of about 73 pounds of water and 27 pounds of solid to each hundred pounds of egg broken out of the shell. It is well known that eggs are fragile and that they are perishable, and that the hen will not lay the year round; therefore eggs have to be preserved in some manner. Further than that, eggs have to be transported as well as preserved. Four months out of the year the hens lay more eggs than the people consume. It is best known to people who keep hens how completely they shut off after a few months, and to people who sell them how few new laid eggs are sold to people to eat. Eggs must be preserved, and the question is how they shall be preserved. I have here three sample bottles which I could not tell apart by the looks of them; I can only tell them apart by chemical analysis. One bottle contains the whole of the egg dried. Another contains the yolk as nearly pure as it is practicable to get it by hand separation from the white. The third bottle contains a mixture of the yolk and whole egg, mixed before drying.

I am not specially prepared for this hearing, and it was only by accident that I saw in the newspapers there was to be such a hearing, but I shall endeavor to present the matter as best I can under the circumstances.

Our business being comparatively new and comparatively strange, perhaps, I felt that I had better come here and get some information. I was told I could talk about the matter here a little, and afterwards we could submit a written statement of our business and the effect upon it of the application of the tariff on eggs.

The CHAIRMAN. This is not enumerated in the tariff, is it?

Mr. KEITH. Indirectly.

The CHAIRMAN. Under what paragraph?

Mr. KEITH. There is something said about egg yolk, 25 per cent ad valorem. It does not say in what form the egg yolk is. I think a good deal of whole egg is brought in as being egg yolk. It looks to be egg yolk. The white does not show up very much in this form.

The CHAIRMAN. The bill gives it this way:

Yolk of eggs, 25 per cent ad valorem; albumen, eggs or blood, 3 cents per pound; dried blood, when soluble, 1½ cents per pound.

Mr. KEITH. Albumen is the solid portion of the white of the egg. The white of egg consists of about 13.3 per cent solid albumen, and the rest is water. If you should separate it to get the albumen, you dry 7 pounds down to 1. Our finished product contains about 5 per cent of moisture.

The CHAIRMAN. How much does it cost to convert eggs into that form?

Mr. KEITH. It costs a good many thousands of dollars a year.

The CHAIRMAN. That does not give us any information. How much does it cost for a given quantity, say a dozen eggs, or a hundred dozen, to convert eggs into that form? How much does it cost?

Mr. KEITH. The mere drying would be about one-half a cent; handling the whole business would come to about 2 cents a dozen.

Mr. CLARK. What do you do with it after it is dried? You do not pretend to say that people eat it?

Mr. KEITH. They do. We have sold a million pounds of that.

The CHAIRMAN. Would that make a good dish of scrambled eggs?

Mr. KEITH. It would.

Mr. CLARK. Is that what we get at the hotels?

Mr. KEITH. It is suitable for that purpose. We sell a great deal of this here in Washington.

The CHAIRMAN. Are these preserved with boric preservatives, or simply by taking the water out?

Mr. KEITH. They are preserved by taking the water out and by refrigeration.

The CHAIRMAN. No chemicals are used?

Mr. KEITH. No, sir. We carry those at a temperature about zero.

The CHAIRMAN. Is not 25 per cent duty enough on that?

Mr. KEITH. It takes 3 dozen eggs to make a pound of whole egg dried. We should be protected to the extent of 15 cents a pound, and the duty should be specific. The duty on shell eggs is specific.

The CHAIRMAN. What does it cost per pound in New York?

Mr. KEITH. About half a dollar.

The CHAIRMAN. And how much duty do you want?

Mr. KEITH. About 15 cents a pound is right, if there is a consistent application of the tariff on shell eggs to this product. We use $3\frac{1}{2}$ pounds of it to get 1 pound of the dry.

Mr. UNDERWOOD. What do you call that product?

Mr. KEITH. Dried eggs. We use $3\frac{1}{2}$ pounds of eggs to produce a pound of this product. I do not think the dried whole eggs pay any tariff.

The CHAIRMAN. I thought you said the yolk of eggs was referred to in the clause? That comes in free, does it not?

Mr. KEITH. There is nothing that applies to the whole egg, so far as we can learn.

The CHAIRMAN. How much is imported?

Mr. KEITH. I do not know that. The business is new.

The CHAIRMAN. When did the hens invent this sort of an egg?

Mr. KEITH. Eggs have been dried in one form or another for quite awhile. The way we dry them, however, is comparatively new.

The CHAIRMAN. These are manufactured in this country?

Mr. KEITH. Yes, sir; mostly at Topeka, Kans., through the Seymour Packing Company.

The CHAIRMAN. How large an industry is there in the United States?

Mr. KEITH. We sell about half a million pounds a year, which brings about a quarter of a million dollars. There is another concern, the National Bakers' Egg Company, which sells more than we do.

The CHAIRMAN. What profit do you make out of it?

Mr. KEITH. We made last year, according to the way we keep our books, about 2 cents a pound. But we did not make that, because we kept an account of each department of our business, and the general administrative expense was not charged up against this department; so that as a matter of fact we did not make very much last year.

The CHAIRMAN. Is this product used for baking purposes?

Mr. KEITH. Yes, sir.

The CHAIRMAN. When the pure-food bill was before the House of Representatives, it was stated they were made out of stale eggs brought in from China.

Mr. KEITH. That is not necessarily so. You can make this out of any egg. You can make this out of a fresh egg or out of a stale egg, or you can make it out of anything that is not black or green that would give itself away by its color.

Mr. BOUTELL. I saw in a paper recently that they threw into the New York Harbor several dozen cases of Chinese duck eggs.

Mr. KEITH. Those are liquid eggs, preserved with borax, as I understand it.

Mr. BOUTELL. They threw them into the New York Harbor, and they had a regular omelet then.

Mr. KEITH. Yes, sir. We have had considerable expense as to time and money developing apparatus to enable us to make this in this way. It is perfectly possible to go to China or Russia and establish factories there and then bring the stuff in at very little expense of freight in barrels. It can be brought into the country in perfect condition, and you will know a good deal less about it if produced there than if produced at home with the pure-food inspectors around.

The CHAIRMAN. How many eggs does it take to produce a pound of this product?

Mr. KEITH. Three dozen to make a pound.

The CHAIRMAN. And it sells for how much?

Mr. KEITH. About a half a dollar a pound.

The CHAIRMAN. With eggs at 38 cents a dozen?

Mr. KEITH. Oh, no; that is about 16 cents a dozen.

Mr. GAINES. You do not use the 38-cent-a-dozen eggs?

Mr. KEITH. Oh, no.

The CHAIRMAN. You have not been able to buy eggs for 15 cents a dozen?

Mr. KEITH. Oh, yes, sir; we buy them for less than that.

Mr. GAINES. Fresh eggs?

Mr. KEITH. Yes, sir. Our eggs are largely produced in and around Topeka, Kans., and we get them from the farmers out there, the merchants, and so forth. We got them for a great deal less than that last spring.

Mr. DALZELL. Some of this product has been imported, you say?

Mr. KEITH. There has been some of it imported; yes, sir. What we are afraid of is that there is no practical protection for us unless the duty is applied.

Mr. DALZELL. You say there are importations of this?

Mr. KEITH. The same general product, but not identical with ours.

Mr. DALZELL. What rate do they pay on those importations?

The CHAIRMAN. He does not know, unless it comes in under "Yolk of eggs."

Mr. DALZELL. He ought to know whether it pays any duty or not.

Mr. KEITH. So far as we can learn, there is no duty on whole egg, dried.

Mr. DALZELL. Has that been brought into the country actually and taken out of bond?

Mr. KEITH. Oh, yes, sir. As I say, it is different from ours, because dried in a different manner.

Mr. DALZELL. Dried egg is brought into this country, but it did not pay duty when brought in?

Mr. KEITH. I do not know. Dried albumen is brought in, and that, as nearly as we can learn from the tariff schedule, pays 3 cents a pound. It should pay 30 cents, because if the egg were all white it would dry down twice as much as it does having the yolk in it.

The CHAIRMAN. Have they imported any dried yolk of egg?

Mr. KEITH. Yes, sir.

The CHAIRMAN. That is specifically mentioned. Do you say that 25 per cent duty is a fair proposition on the dried yolks?

Mr. KEITH. The schedule, as we find it here, says tanner's yolk comes in free. I do not know why it should. Surely there are enough bad eggs in this country. There are dried egg yolks used chiefly by tanners, which come in free. I do not know how to construe this word "chiefly," whether they assume that dried egg yolk is chiefly used by tanners and let it all in free for that reason. Then we have dried egg yolk not enumerated in different schedules, as I was informed in the other room, bearing a duty of 10 to 20 per cent. I do not know how the difference is applied. I will say of the dried yolk, the mixture of yolk and whole egg, and the dried whole egg, the only way you can tell them apart is by chemical analysis.

The CHAIRMAN. I have the statistics here to answer my question.

Mr. BOUTELL. Is this process of preserving these dried eggs, so they can be sold commercially, without chemicals? Is that a secret or patent process?

Mr. KEITH. The process is not patented. There are certain steps in the process that are patented, and there is certain apparatus that is patented. The product is not patented. The product is old. There have been patents granted on egg-drying machines that have expired, quite a good many, and it is possible to dry eggs in many ways.

Mr. BOUTELL. Is there any reason why these Chinese duck eggs that are sold in such enormous quantities should not be prepared like this and imported into this country?

Mr. KEITH. I do not know of any.

Mr. BOUTELL. No reason at all?

Mr. KEITH. No reason at all.

Mr. BOUTELL. Without chemicals in them?

Mr. KEITH. Without chemicals in them.

Mr. BOUTELL. And be perfectly pure and sweet?

Mr. KEITH. Perfectly pure. Whether they would be sweet or not is dependent on the way they are handled.

Mr. BOUTELL. I mean if handled properly.

Mr. KEITH. We could put a factory into China, and, given hen eggs, we could produce eggs like that; and, given duck eggs, we could produce a corresponding result from duck eggs.

Mr. BOUTELL. Without any chemicals?

Mr. KEITH. Without any chemicals; yes, sir. We use refrigeration. That is necessary, too.

Mr. BOUTELL. I should think that might become a profitable industry in China—to produce this form of egg and bring it into this country.

Mr. KEITH. Yes, sir. We have an idea that about the time the Russian Jews and Chinese, who look with interest upon this, have

learned a little more about the matter they will take hold of it and put factories into Russia and China and become a factor in the business, and then our factories will close.

Mr. BOUTELL. You want the duty raised on eggs, or on that product?

Mr. KEITH. I am asking nothing else than that if 3 dozen eggs or 1 dozen eggs in the shell bear a tariff in that form, they should bear the same tariff in this other form.

Mr. FORDNEY. That would be $2\frac{1}{2}$ cents more than it is now?

Mr. KEITH. I think it should be specific, for the reason that the duty on shell eggs is specific. I can buy eggs in Boston at the present time all the way from less than a dollar a case of 30 dozen up to \$15 a case, depending on what the eggs are.

Mr. DALZELL. A dollar a case for 30 dozen eggs?

Mr. KEITH. Yes, sir. Those would mostly go to the tanners. You have enumerated a tanner's product in your tariff. You recognize the fact that there is a tanner's product. We sell a very considerable quantity of our dried eggs to tanners. We sell to them eggs we could not sell for food.

Mr. CLARK. How much did you say you bought fresh eggs for at Topeka, Kans., this spring?

Mr. KEITH. About 10 or 12 cents a dozen, sir. I want to explain that.

Mr. CLARK. Missouri is the best poultry and egg State in the Union. How does it happen that eggs sell at 10 and 12 cents in Topeka, Kans., when selling at 15 or 20 cents in Missouri?

Mr. KEITH. If you were in the egg trade, I think you would understand.

Mr. CLARK. I am not expecting to buy them. The truth about this thing is, is it not, that you go around and make a contract with these big egg houses and get the stale eggs and make them into this product?

Mr. KEITH. No, sir. We do largely use in this product, especially in the spring of the year, when eggs are being stored, eggs the shells of which are nicked. Those shells are weakened, so if they were shipped in a case to the city market they would be apt to break and run out and make more or less of a mess, and they would get bad before they got to the consumer. We take them when they are freshly nicked, when they are just as good as they ever were, and we complete the breaking process and inside of an hour or so we have those eggs dry. They are just as good as any egg. We get a great many carloads of those eggs in Topeka for less than 10 cents a dozen. They are good eggs; there are no better.

The CHAIRMAN. You could not get eggs at that price in the State of New York or Pennsylvania, where they are near large manufacturing concerns?

Mr. KEITH. We do not have to. Our freight on this product is only a fraction of what it is on the shell eggs.

The CHAIRMAN. I am asking if you could buy eggs for that process in New York or Pennsylvania?

Mr. KEITH. Oh, no, we could not; but we do not have to. Our factory is somewhere else. We take advantage of the fact that it costs us very little freight.

The CHAIRMAN. Of course you go where your product is obtained the cheapest.

Mr. KEITH. It costs very little storage. Eggs are preserved by refrigeration in the shell and it costs a lot to store them. When we have concentrated them they do not take much room.

The CHAIRMAN. Where is your factory?

Mr. KEITH. At Topeka, Kans., is the principal factory, operated by the Seymour Packing Company, in which I am a director.

STATEMENT MADE BY ALFRED V. HARRIS, NATIONAL BAKERS' EGG COMPANY, OF SIOUX CITY, IOWA, IN ADVOCACY OF A HIGHER DUTY ON DRIED EGGS.

THURSDAY, *November 19, 1908.*

Mr. HARRIS. I represent the National Bakers' Egg Company, of Sioux City, Iowa. I do not think you have been sufficiently impressed with the goodness of these eggs. They are generally used in the best bakeries in this country. They are now being used for family consumption. My function with my company is to distribute eggs, to open up avenues of distribution.

The CHAIRMAN. You say they are a good, wholesome article of food?

Mr. HARRIS. Absolutely. There seemed to be quite a bit of amusement brought out in connection with the matter, and I merely want to emphasize that fact, that they are absolutely a good, wholesome article of food.

On this tariff question I can but go briefly over the ground Mr. Keith has covered. The tariff is 5 cents per dozen in shell. If eggs in that form draw a tariff of 5 cents a dozen, why should not eggs in another form draw exactly the same pro rata? If they do not, it is unfair to the American producer of dried eggs, and the Government is being cheated out of what rightfully belongs to it, and my point is that the Government is evidently not aware of the situation regarding eggs in other forms than in the shell.

Mr. FORDNEY. How much in value is imported in this form, if you know?

Mr. HARRIS. We have been unable to get those figures, I am sorry to say.

Mr. FORDNEY. Have you an idea about it?

Mr. HARRIS. I will approximate it——

The CHAIRMAN. There does not appear to be any article like this in the books.

Mr. HARRIS. No; but I know it is imported into this country.

The CHAIRMAN. This is a new article?

Mr. HARRIS. No; it is not new. It dates back hundreds of years.

The CHAIRMAN. How long has it been on the market here?

Mr. HARRIS. It has been on the market here in a small way long before I knew anything about it, and there has been an article called "egg substitute" or various articles called "egg substitutes."

The CHAIRMAN. I am inclined to think if we put it on the schedule alongside of yolk of eggs at 25 per cent, it would protect you fully.

Mr. HARRIS. May I ask Mr. Keith's opinion on that?

Mr. KEITH. I do not think that is very much protection against the Chinese and Russian egg.

Mr. HARRIS. The foreigners were unable to make a success of this after working on it years and years, and it remained for American brain and ingenuity and capital to make it a success. That has taken place only in the last eight years.

I represent the firm that has made it a success. The foreigners have awakened to that fact, and they propose to copy our patents which are on file here in Washington, covering our rights only in this country; and they propose to erect these machines in foreign countries where they can get cheap labor and all that, as you understand, and then they can ship that product into this country practically without a tariff and wipe out the American who has been responsible for its success. I can not imagine a condition which is more unjust and unfair and un-American than that. It seems to me that the Government is interested in this because of its present enormous size and because of the great possibilities of it. Few people are acquainted with the subject, and very few, I may say, have any idea of its possibilities. I want to say it is the logical solution of the egg problem, and I venture to say that within twelve months I will have it very firmly established in the homes of just such men as yourselves.

Mr. FORDNEY. What you want is 30 per cent instead of 25 per cent ad valorem?

Mr. HARRIS. I am not much of a mathematician. What does that figure out?

Mr. FORDNEY. That figures out 15 cents.

Mr. CLARK. You will have to convince the people that you do not use rotten eggs in making this product before you make much of a success of it.

Mr. HARRIS. If I make two omelets, one of my egg and one of the fresh egg, costing 5 or 6 cents, and you can not tell the difference, then you will be convinced.

Mr. CLARK. No; I would not be.

Mr. HARRIS. Let us put it this way: You never can make your finished article better than the raw material from which it is made. If an egg is rotten when you start out with it, it is just as rotten when you finish with it.

The CHAIRMAN. If this foreign product is unfit for food, we ought to keep it out and not let people eat it.

Mr. HARRIS. I insist upon just one more statement, please. This product is the result of Yankee brains and ingenuity and patience and persistence, and it ought to be incorporated as a matter of consistency in the tariff as well as a matter of protection. That is the simplest proposition, I think, we can present. Stewart Edward White, editor of *Outing*, had an analysis made of the article and recommended it to his campers. I may say, I sold it on an average of 50 cents, and sold pretty nearly 400,000 pounds in the city of New York this year myself. Mr. Stewart Edward White recommended it to his campers, and they came into my place on his recommendation and bought sample lots for \$1.25 a pound, and came back again for more.

The CHAIRMAN. It is very evident these gentlemen will be eating this product before a great while.

Mr. CLARK. Have the pure food experts dropped down upon you?

Mr. HARRIS. Yes; particularly on us. The old egg question of what is a rotten egg and what is not a rotten egg has been thoroughly settled. That is the best argument in favor of our article. They now use rotten eggs in bakeries. You can go into the east side bakeries of New York and the stench from their kitchens would knock you down.

Mr. CLARK. They ought to be in jail.

Mr. HARRIS. They ought to be. Now, if we can preserve an egg and save the baker and consumer the cost of freight and storage, it seems to me it is an industry that should be encouraged. We ship 26 cases of eggs in 1 barrel. We save the freight for the consumer on 26 cases, and we save the storage. It has always worried egg users and egg sellers how to overcome the great expense of packing only 30 dozen eggs in that great, big, bulky package. We can take the same 30 dozen eggs in two hands and hand them to you and save you freight and storage and other large expenses. The best baker in this town uses this product in almost all his output, and he will tell you that it is the most economical, convenient proposition that has ever come to his notice. It is generally conceded to be a great success by the experts in the baking business.

Mr. BOUTELL. How long will it keep?

Mr. HARRIS. Commodore Perry now has some four hundred 1-pound packages which I packed for him for his trip—

The CHAIRMAN. Will it keep as long as Chicago canned beef?

Mr. BOUTELL. That will keep a long while, you know.

Mr. HARRIS. This product will keep a year, nicely. We have kept some of it for eighteen months for experimental purposes, and most successfully, because we keep it at a temperature of about 6 degrees above zero. Perry's steward has 2 pounds of this product, which he will bring back to me two years hence, probably. We are constantly experimenting, and I am quite certain that it will be just as good as it was the day it went away.

This is the solution of the egg problem. It is perfectly pure, no preservatives of any kind are used, and we can foresee that the industry we have built up may be destroyed by the foreigner who has failed in it for years and years, may be destroyed with the assistance of Uncle Sam, and so we have come here to make you acquainted with a proposition that is comparatively new and to ask nothing more than a consistent tariff.

THE NATIONAL ASSOCIATION OF MASTER BAKERS URGES THAT THERE BE NO INCREASE IN DUTY ON EGGS.

CINCINNATI, OHIO, *November 27, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The National Association of Master Bakers of the United States, representing every baker in every State in this country (excepting three States), respectfully protests against an increase in rates of duty on eggs.

We rather favor a decrease, so that in the future the likelihood of cornering the egg market as now practiced will not be so easy to accomplish by those interested.

We trust that the interests of the bakers of the United States, who are the largest buyers of eggs, will be protected by your honorable committee, and we appeal to your sense of justice and fair and square dealing as an organized body and as citizens and manufacturers.

Very respectfully, yours,

SIMON HUBIG,
President National Association of Master Bakers.

**SUPPLEMENTAL STATEMENT OF ALFRED V. HARRIS OF THE
NATIONAL BAKERS' EGG COMPANY, NEW YORK CITY, RELATIVE
TO THE DUTY ON DRIED EGGS.**

NEW YORK CITY, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Our sole desire is to call your attention to the inconsistency in the present application of the tariff on eggs in the shell and eggs in other forms, and to request, in the name of consistency and justice, that the said application of the tariff be made regular and uniform. In accordance with the Dingley Act of 1897 there is a specific tariff on eggs in the shell of 5 cents per dozen; there is also a tariff of 25 per cent ad valorem on liquid egg yolks and there is a tariff of 3 cents per pound on dried egg albumen. On the so-called "tanner's yolk" there is no tariff, and dried whole eggs are not mentioned at all in the tariff schedule. Dried whole eggs, dried yolks, and dried whites are nothing more or less than shell eggs in different form. Therefore it is perfectly obvious that the basic tariff of 5 cents per dozen on eggs in the shell should be consistently applied on eggs in the other forms already mentioned.

WHAT ARE DRIED EGGS AND HOW ARE THEY USED?

At the hearing on November 19 we found, as we expected to find, that the gentlemen of the committee knew very little of this comparatively new but very important industry. The impression seemed to prevail that eggs dried were necessarily stale eggs. Since that hearing a New York paper editorially condemned eggs in "powdered" form and misrepresented us to the extent of stating that we had admitted our product to be made of "stale" eggs when we were questioned by members of your committee. The attitude of the members of your committee and some part of the public press is easily understood if we stop to consider a little of the history of the dried-egg industry, and we think it fitting to provide this knowledge at this point for your information, so that you might more fully understand the industry as it was in its incipency. We have reason to believe that eggs were dried by different methods for at least a hundred years previous to the time that this country became interested. In addition to this, there were compounded many articles termed "egg substitutes." None of them was ever as satisfactory or as good as eggs in the shell, and many of them were so inferior that the consumers, after being prevailed upon to try various brands, became convinced of their inferiority, and as a result a prejudice against all articles of the kind

took deep root and has existed for many years. Another and perhaps a more important reason for the prejudice against dried egg is that the public is so thoroughly accustomed to thinking of eggs in the shell that the same eggs in another form are naturally strange and suspicious. When people are accustomed to one form of food through its use by generation after generation, it is to be expected that it would be a difficult matter to persuade them to accept the same food in an entirely different form. This explains the prejudice, but it can not in any sense be considered an argument against eggs in the dried form.

The desirability, as a commercial proposition, of preserving eggs in some form has been an important problem to both the producer and the consumers as long as eggs have been a commercial commodity. This is caused by the fact that hens do not lay regularly, even in the most favorable localities. For a very few months the hens produce a much greater quantity of eggs than is consumed, and the surplus must be reserved for use during the balance of the year when the hens do not produce. Hence the desirability of preserving successfully all eggs that can not be immediately consumed. Our process of drying eggs is the solution of this great problem, and the wonderful success of dried eggs within the last five years proves conclusively that the consumer recognizes the value of what has been accomplished. We buy the eggs fresh, remove them from the shell, and by a patented process evaporate about 95 per cent of the moisture. This leaves the egg substance in a dry, flaky form. In order to use it the consumer merely dissolves this substance in about the same quantity of water that has been evaporated from it and he then uses it just as he would the eggs broken from the shell. Eggs in this form are stored at about twenty times less than the cost to store eggs in the shell, and we are thus able to save this for the consumer. In addition to this great advantage the consumer is absolutely assured of uniformity of quality and economy.

Another great problem with egg producers and consumers has been to devise some means of reducing the heavy freight charges caused by the amount of space required to transport a case containing only 30 dozen eggs over a long distance in a freight car. You will perceive that these charges are necessarily very high in proportion to the value of the eggs per dozen. Speaking approximately, 1 barrel of dried egg contains 26 cases of shell eggs in the dried form, and it costs about \$2.20 to ship this package from Sioux City, Iowa, to New York City, for instance. To ship the same amount of eggs in the shell and packed in cases mentioned above it would cost about \$15 for the same distance. These figures are nearly correct, and we believe it will be perfectly plain to you that we have also solved the problem of saving freight charges for the producer and the consumer of eggs.

Realizing the great commercial possibilities that lay in the solution of these problems, problems which involved the product of the great American hen, a product which each year amounts to more in dollars and cents in the United States than the meat and wheat bills combined, Americans set to work to dry eggs successfully, having conceived the idea from the old-time products already mentioned, and the result is that they have removed all the difficulties which formerly beset the baker and the housewife.

QUALITY AND QUANTITY.

Desiccated egg is sold to almost every bakery in the United States where the consumption of eggs is an item of great expense, and recently it has been supplied in small lots to hotel keepers, boarding-house keepers, and housewives. In almost all cases it has been found more advantageous for use the year round than shell eggs. It is quite safe to predict that in a comparatively short time it will be used generally.

Desiccated egg, if made of good material and properly processed, is perfectly wholesome, clean, sweet, and soluble. No preservatives are used, and as an article of food it is superior to the average eggs that are purchased in the shell; that is, averaged the year around. The United States Government has given it a clean bill of health. Indeed the sailors on our warships preferred dried egg to the shell eggs that were purchased for them in San Francisco during the cruise around the world. Every ship in the fleet was supplied with dried egg after the government experts had tested same thoroughly and declared it to be the best form of egg for the purpose. The services of the most eminent food authorities in the country have been employed, and they unreservedly declare egg in this form to be all that we have herein described. It is infinitely superior to a large amount of the eggs in the shell in liquid form and most brands of frozen eggs that are used in New York City for baking purposes. The requirements of the pure-food law of 1906 are thoroughly understood and there is no reason why dried egg should not be made in strict accordance with the spirit and letter of that law. Inspection of the goods or any investigation of the subject that the state or federal authorities may care to make is sincerely invited.

We believe these statements are sufficient to convince you of the absolute purity and wholesomeness of desiccated eggs when properly prepared; we also believe that these facts will convince you of the importance and the possibilities of this industry and that you will agree with us that it should be encouraged by a consistent tariff protection on the part of the Government, whose citizens have spared neither labor nor expense to have the credit of making dried egg a success belong to American and Americans.

There are probably 20 concerns in the United States drying eggs with varying degrees of success. Thus you will perceive that the industry is only in the first stages of development in this country, but its great success indicates its importance and its possibilities. For these reasons it ought to be encouraged and protected as an infant industry. Even at this primary stage of its development the number of concerns already in the business in this country makes competition very severe, and it is a most difficult thing for us to make even a nominal profit. It seems almost impossible to make yearly profits uniform, owing to the great fluctuations in the egg market during the time that we are able to gather the great bulk of our raw material. Our point is that the bed this new industry has provided for us is not an easy one for the American manufacturer, and it seems obvious that we already have enough to contend with without the difficulties that foreign competition would bring. We especially call your attention to the fragility of shell eggs, and to the fact that this makes it difficult

for the foreign producer to compete with our farmers in the shell-egg business. The fragility of the shell egg therefore protects the producer of this country to a great extent, whereas eggs in the dried form are easily handled with perfect safety and keep indefinitely, so that the foreign manufacturer of desiccated egg can compete with the American manufacturer without the difficulties which beset the foreign producer of shell eggs. On this account it would seem that desiccated egg in this country is entitled to protection even more than eggs in the shell. In addition to this, the American laborer is involved, because desiccated eggs would come principally from China and Russia, where labor costs so much less than in this country. We simply can not compete with the labor that is used in the countries mentioned, nor can we compete with the correspondingly low prices of raw materials in those countries.

There is another point that we especially desire to bring to your attention. If the tariff on all forms is not made consistent with the tariff on shell eggs, the result must eventually be that China and Russia will pour large quantities of desiccated eggs into this country, and this will be brought in competition with the shell eggs of this country, and the result must be a dangerous cut in the price the farmers of this country are able to secure for their shell eggs. Thus it is plain that a consistent application of the tariff on shell eggs to all other forms of eggs will eventually be just as necessary to the farmer's protection as the present tariff on shell eggs is necessary to his protection to-day. We admit that the industry is still in its infancy, but we insist that its remarkable growth and success make it imperative for the United States Government to anticipate its development and take time by the forelock.

This company has an output of between six and seven hundred thousand pounds of dried egg each year. The raw material required to produce this amount is about 2,270,000 dozen eggs. The business is comparatively new, and we can not tell you what the entire output in this country is; but you will note from these figures that the business of drying eggs is no small matter in a commercial sense.

We do not know how much is imported into this country, but we do know that even the present amount imported would seriously menace our business if the Russians and the Chinese were to copy our patents and use machines like ours and then send an article into this country as good as that which we produce in America. The quantity of imported egg would soon be enormous if the Russians, Chinese, and others utilize our process, and the utter destruction of the industry in this country would be a matter of only a few months. To confirm the truth of this statement, we need give only one instance. A bakers' supply jobber in New York City offered Russian dried egg last spring to one of our customers at 46 cents delivered in small quantities. We succeeded in securing this customer's contract at 52 cents per pound only because our quality is superior to that of the Russian egg at the present time. Of course, if the Russian egg was equal to ours in point of quality the jobber would have secured the contract. At the 52-cent price, our profit was less than 2 cents per pound, whereas the profit to the jobber must have been large. He can afford to pay the producer the price, pay all freight charges, and divide the profit with his salesman. This demonstrates how much

cheaper it is to purchase raw material in Russia and China and how much cheaper it is to secure labor there to handle the raw material.

Now, right at this point we can best illustrate the present inconsistency of the tariff and the resulting injustice to the dried-egg manufacturers of this country. The specific tariff of 5 cents per dozen on shell eggs protects the farmer—the producer—of this country, and enables him to charge us, the manufacturer, a high and profitable price for the raw material, but the absence of tariff on dried eggs enables the foreign manufacturer to greatly undersell us on eggs in the dried form in our own country. Thus the manufacturer of dried eggs in this country receives absolutely no protection from the tariff on shell eggs, yet that tariff enables the farmer to force us to pay high prices. We do not want the tariff on shell eggs removed, because we are glad to have this Government protect the American producer. Our stand is that the manufacturer to whom the producer sells his raw material shall also be protected by a tariff on eggs in all forms, which is consistent with the specific tariff on eggs in the shell. In addition to this, we think there should be a tariff of one-half cent per dozen as a special manufacturers' protection. We ask this because of the high freight rates and high cost of labor in this country.

The grade of raw material used in this country is very superior to what we have seen from other countries and, as we have just said, the price of labor is much higher. We believe that the present size and importance of this industry in this country makes it incumbent on the United States Government to carefully investigate the quality of the imported article and to establish standards of quality of dried eggs in this country.

Our egg breaking and drying records show that it takes about 3.1 dozen eggs to make 1 pound of dried eggs. We are perfectly willing to produce these records if you so desire. Thus, if the specific tariff on shell eggs is 5 cents per dozen, a consistent tariff on eggs in the dried form would be three and one-tenth times 5 cents on each pound of dried egg. We shall be satisfied if the tariff on dried eggs is made a specific tariff, consistent with the tariff on shell eggs, on the basis of 3 dozen shell eggs to the pound of dried egg. In addition to this, we think there should be one-half cent per dozen as a protection to the manufacturing interests of this country.

YOLK.

Yolk is never absolutely pure; it can only be commercially pure. Some of the white is sure to remain with the yolk when the separation is made. In order to show what a consistent tariff on dried yolk would be, we will use a crate containing 30 dozen eggs as a basis on which to figure. This crate would yield about $33\frac{1}{2}$ pounds of liquid whole egg broken from the shell and this amount dried would produce about 10 pounds of dried whole egg—these figures are approximate, but nearly correct. The same amount of broken-out liquid yolk— $33\frac{1}{2}$ pounds—would yield about 17 pounds of dried liquid yolk. Thus the tariff on yolk, strictly speaking, and assuming that United States inspectors proved it to be yolk and not the whole egg merely branded yolk, should be about 40 per cent less per pound than the tariff on whole eggs, or 9 cents per pound. Owing to the proba-

bility of whole egg being sent into this country as yolk so as to cheat the Government out of the tariff on whole egg, we respectfully recommend that the tariff on dried yolk be made the same as that on whole dried egg. Only an egg expert can tell the dried yolk from the dried whole egg, and this would probably result in all whole egg being sent into this country branded as yolk. These figures make it very evident that the present tariff on dried yolk of 25 per cent ad valorem is thoroughly inconsistent and insufficient in its relation to the specific tariff of 5 cents per dozen on shell eggs.

TANNER'S YOLK.

Tanner's yolk is free of tariff. We suspect that a lot of this so-called "tanner's" yolk is sold to consumers other than tanners. But assuming that it is sold to tanners exclusively, this absence of tariff is unfair to the American producer, because the foreign producer utilizes the same cheap labor, etc., in handling eggs of this character as he does in handling the best grades. In this country there are necessarily quantities of eggs which are unfit for food, and these are sold to tanners. Why should not Americans in this branch of the business be protected? In presenting the matter of tanner's yolk we simply present a phase of the tariff question which involves an important feature of the egg business in this country.

DRIED ALBUMEN.

The present tariff on dried albumen, or dried egg whites, is 3 cents per pound. This tariff is most inconsistent of all. It takes about 7 dozen eggs to make 1 pound of dried albumen, hence the tariff to be consistent would be seven times the tariff on shell eggs, which is 5 cents, or 35 cents per pound on dried whites. Owing to the great difference in the cost of labor and the high price of raw material in this country, we are unable to compete with the foreign albumen, and the business is already so completely in the hands of the Chinese and the Russians that we are not particularly insistent that the tariff be consistently applied in the case of albumen. But if we ever desire to go into the business of drying egg albumen, it would be impossible to do so unless the tariff on eggs was consistently applied.

SUMMARY.

We respectfully request that the present specific tariff on eggs in the shell be consistently applied to all forms of eggs as enumerated herein. We believe the subject, being comparatively new in its present successful form, is not properly understood by your honorable committee, and we consider it our duty as citizens to bring the matter to your attention. We furthermore believe that the present application of the tariff is unjust and unfair to manufacturers of dried egg in this country, and we therefore believe ourselves justified in making the requests contained herein. If the specific tariff on shell eggs protects the producer in this country, why should it not be made to protect the manufacturer also?

Finally, we respectfully call your attention to the dangerous position we, as Americans, are placed in by the present inconsistency in the application of the tariff on eggs. Our patents protect us as patents only in the United States. It is therefore possible for anyone to

copy these patents and use our process in other countries. Bearing in mind the facts we have given regarding the tariff and the price of raw material and labor abroad, you will readily understand that it is the most natural thing in the world for us to desire that this matter should have your most careful attention. We have not filed patents in other countries for the simple reason that anyone in those countries could operate the process under cover for years and years without discovery. We do not fear this so much in this country because we are on the ground and would probably discover the theft and because the reputation we enjoy here enables us to better control our trade. Therefore our only means of securing justice and proper protection of the industry is the consistent application of the tariff as herein described.

Very respectfully, yours,

NATIONAL BAKERS' EGG COMPANY,
ALFRED V. HARRIS, *Secretary*.

**H. J. KEITH, BOSTON, FILES OFFICIAL QUOTATIONS BY NEW YORK
MERCANTILE EXCHANGE OF PRICES OF EGGS.**

72 SOUTH MARKET STREET,
Boston, Mass., December 3, 1908.

CLERK OF COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

DEAR SIR: Inclosed find one copy of the Producers' Price Current, of New York, dated April 9, 1908, and one copy dated November 28, 1908.

We wish to incorporate into the record the egg quotations contained in these two issues of the Price Current, and to call particular attention to the quotations on dirties and checks. We wish also to state that eggs can usually be bought from first hands—at country points in Kansas—at least 4 cents a dozen below the New York quotations.

We invite your committee's attention to the wide variation in the prices of different kinds of fresh eggs offered for food purposes in the month of April, when practically all the eggs on the market are fresh and good, the differences in prices arising principally from differences in the size of the eggs and the condition of the shells.

Yours, truly,

H. J. KEITH,
*Treasurer of H. J. Keith Co., 72 South Market Street,
Boston, Mass.*

EXHIBIT A.

New York Mercantile Exchange official quotations, April 9, 1908.

Fresh gathered, extras, per dozen	17
Fresh gathered, storage, packed firsts to extra firsts	16 @17
Fresh gathered, extra firsts	15½ @15¾
Fresh gathered, firsts	14½ @15
Fresh gathered, seconds	13½ @14½
Fresh gathered, thirds	13 @13½
Dirties, fresh gathered, No. 1	14
Dirties, fresh gathered, No. 2	13 @13½
Checks, fresh gathered	10 @13
Duck eggs, seconds	26
Duck eggs, seconds	20 @23
Goose eggs, per dozen	55 @65

New York Mercantile Exchange official quotations, November 28, 1908.

Fresh gathered, extras, per dozen	38
Fresh gathered, firsts	34 @35
Fresh gathered, seconds	30 @32
Fresh gathered, thirds	25 @28
Dirtyes, No. 1	23 @24
Dirtyes, No. 2	19 @22
Dirtyes, inferior	14 @18
Checks, fresh gathered, fair to prime	19 @21
Checks, inferior	14 @17
Refrigerator, firsts, charges paid for season	26 @26½
Refrigerator, firsts, on dock	25½ @26
Refrigerator, seconds, charges paid for season	25 @25½
Refrigerator, seconds, on dock	24 @25
Refrigerator, thirds	22½ @23½
Limed, firsts	24 @24½
Limed, seconds	21½ @22½

THE H. J. KEITH COMPANY, BOSTON, MASS., SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO DRIED EGGS.

72 SOUTH MARKET STREET,
Boston, Mass., December 7, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Statement supplementary to hearing November 19, 1908, before the Committee on Ways and Means of the House of Representatives:

Our drying and freezing of eggs preserve but do not transform them. They keep good eggs good, but do not make bad eggs good. Therefore we pack three grades of eggs for cooking and one for tanning. Also, there are some eggs we dump.

Concerning the quality of our own and other dried eggs, their value for food purposes, their fitness for making omelets, etc., I refer to the Paymaster-General of the Navy and to Paymaster Dyer, who has had the matter particularly in charge. I refer to tests made this year at the naval cooking school at Newport, R. I., and to the use of dried eggs on the battle-ship fleet. The fleet has been supplied with "Truegg," a dry-egg powder, made by the Merrill Soule Company, of Rochester, N. Y.

I refer to the booklet, Keith's Dried Egg and Frozen Canned Egg, dated May, 1908, and to the affidavit of G. C. Bowman, president of the Seymour Packing Company, dated November 27, 1908, as to chemical composition of egg, number of eggs used to produce a pound of dried whole egg, kinds of eggs used, cost of same, and sundry other matters. I refer to market reports as showing different kinds of shell eggs used for food and differences in market value of these kinds. I refer also to common knowledge that not all shell eggs sold for food are equally fresh or good, and to the fact that retailers commonly offer two or more kinds or qualities at differing prices.

All these kinds and qualities of shell eggs bear the specific duty of 5 cents a dozen. I respectfully submit the proposition that 4½ cents

a pound on bulk (uncondensed) eggs and 15 cents a pound on dried eggs of all kinds, including dried whole egg, dried yolk, and dried white (also called albumen), whether intended or used for food or for tanning, or any other purpose, are proper duties, for the following reasons:

Fifteen cents a pound is certainly not too much on dried white (or albumen), since it takes about 7 pounds of natural egg white to produce 1 pound of dried albumen, and if the egg consisted of white alone it would take about 6 dozen eggs to produce a pound of dry product.

Fifteen cents a pound is correct as applied to dried whole egg, as shown by affidavit of G. C. Bowman.

Fifteen cents a pound should be applied to dried yolk, since it is impossible to distinguish it by physical appearance from dried whole egg, and whole egg is regularly quoted and sold as yolk by many dealers, especially to tanners, who commonly attach little or no value to the white accompanying the yolk. The so-called "yolk," both bulk and dried, always contains some white, it being impracticable in commercial work to separate the white completely from the yolk. Some tanners use for some purposes perfectly fresh, sound table-grade eggs, both bulk and dried. We ourselves have sold and are still selling table-grade yolk to tanners. We see no reason, therefore, why even the best dried whole egg or dried yolk may not be declared as "dried yolk used chiefly for tanning," or specifically as "tanners' dried yolk," and then sold and used for food.

Moreover, the tanners' dried yolk regularly sold by us, some of which contains a larger percentage of yolk than does the dried whole egg and some of which is dried whole egg, does not differ in physical appearance from table grades of dried egg and dried yolk, though it does differ by reason of being musty and of containing eggs poorer in quality than we use in any of our cooking grades. The quantity of eggs produced in the United States that should, in my judgment, not be sold for food is greatly in excess of tanners' needs and of all demands for other than food purposes. It is a matter of common knowledge that not all shell eggs sold for food are good and palatable. I believe the sale of bad eggs for food is not a menace to the public health, for I believe that in the processes of decay eggs become repulsive before they become unwholesome, but their sale is a fraud on the public which would be lessened in extent if the demand for domestic eggs by tanners were increased.

An ad valorem duty on dried eggs must, in my judgment, tend to evasion of the duty by bringing in the eggs as tanners' stock; and if this can not be made to serve in all cases, the tendency of an ad valorem duty must be to encourage importation of poor eggs having a low value, which would then be offered for food.

We have asked no protection for the manufacturing part of our business, but only that the producers of eggs be protected by a specific duty on eggs broken out from the shell, equivalent to and consistent with the specific duty on shell eggs. We believe this will let us live, but that it is not more than our business needs. We are told that dirty shelled fresh hens' eggs can be bought in large quantities in Russia at an average price of 5 cents per dozen. Jewish labor is

abundant in the great egg-producing districts of Russia. I have for years employed Russian Jews in this country as handlers of eggs, and have found them to be of the highest efficiency and intelligence. They can be hired in Russia for a small fraction of what we pay them in the United States. We invite comparison of our costs, enhanced by a specific duty on the eggs we break, with Russian costs.

That there should be a specific duty of 4½ cents a pound on bulk (or condensed) eggs, broken out from the shell, frozen or otherwise, whether for tanning, food, or any other purpose, I submit without further argument.

There is domestic competition in the production of both dried and frozen eggs. This competition is increasing. It is already sufficient to hold our net margin of profit to a very small percentage.

We operate under the inspection and regulation of pure-food officials. This we deem a necessary protection to our business and desirable for the public, as insuring cleanly sanitary factory conditions and the use of eggs right in quality and condition. This supervision can evidently be applied more advantageously to the factory and raw material than to the finished product. If the eggs are produced abroad, can this supervision be had in the United States, except over the finished products?

The H. J. Keith Company's apparatus, processes, and product, also those of its leading competitor, have been greatly improved within the last eighteen months. We believe the dried-egg business has possibilities of great development and is worthy of your serious consideration. It opens up means of effective competition with domestic egg producers by importation of foreign egg products.

H. J. KEITH,

Treasurer of the H. J. Keith Company.

EXHIBIT A.

Statement of cost and weights of eggs broken out during part of year 1908 by the Seymour Packing Company, Topeka, Kans.

Date.	Dozen broken.	Cost.	Average per dozen.	Pounds.	Average per dozen.
					<i>Pounds.</i>
4 weeks ending April 17.....	83,055	\$8,828.52	\$0.1063	96,610	1.163
4 weeks ending May 15.....	200,955	22,595.97	.1124	224,528	1.117
5 weeks ending June 19.....	211,695	23,427.74	.1107	239,210	1.129
4 weeks ending July 17.....	247,470	27,236.66	.11	275,064	1.111
4 weeks ending August 14.....	264,030	31,080.73	.1177	291,495	1.104
4 weeks ending September 11.....	250,140	35,617.59	.1424	279,189	1.116
4 weeks ending October 10.....	89,970	11,485.10	.1276	99,260	1.103
Total.....	1,347,315	160,272.31	.1189	1,505,356	1.117

STATEMENT OF DRIED PRODUCT DERIVED FROM RAW WHOLE EGG.

328,991 pounds of raw material produced 94,748 pounds of dried product, or the dried product was 28.8 per cent of the raw material used.

328,991 pounds of raw material at 1.117 pounds to a dozen is 294,518 dozen. 294,518 dozen eggs produced 94,748 pounds of dried material, or it took 3.1 dozen whole eggs to make 1 pound of dried.

EXPLANATORY STATEMENT.

The yield per dozen is slightly reduced by the throwing away of some eggs that when broken are found unfit for use. Except in early spring, the eggs are lighted before being broken, but the lighting test does not detect all the bad eggs; also some eggs that appear under the light test to be suitable for food are, when broken, found suitable for our tanners' grade only. The weight of the tanners' eggs is included above. Producers bring in some stale and bad eggs, the percentage of these being greatest in hot weather and late in the packing season. It is for our interest to obtain eggs in the freshest and best condition possible, and to dry them as quickly as practicable, for the sake of both quality and yield, and to lessen carrying charges. Nearly all our drying is done between April 1 and October 1 of each year.

We use for drying purposes chiefly fresh checked and dirty-shelled eggs of the best quality obtainable; that is, eggs having defective shells, but no other defects. These we can buy at less prices than eggs of no better quality, but having sound and clean shells. Checks and dirties are recognized market grades. Both are quoted and sold in the shell for food purposes.

Most of the eggs broken by us for drying are used in mixtures of yolk and whole egg. Our "dried product derived from raw whole egg" was therefore in the period covered above only 94,748 pounds.

Our figures show that the duty on bulk eggs, such as frozen eggs in cans, not dried or condensed, to be consistent with a duty of 5 cents a dozen on shell eggs, should be about $4\frac{1}{2}$ cents a pound.

Eggs that have become noticeably offensive, as a result of decomposition, are not saved by us for tanning purposes, but are dumped. For cooking purposes we dry three grades of eggs separately, thus producing three grades of dried product suitable for food. These equal in freshness and wholesomeness market grades of shell eggs quoted and sold for food. Among the market shell eggs there are usually some bad ones, and others inferior to the grade in which they are quoted; whereas in our dried and frozen eggs all are of the grade quoted, the bad and the inferior eggs being detected and rejected in the breaking, which is done by hand, one egg at a time.

The foregoing statements are correct.

(Signed) G. C. BOWMAN,
President of the Seymour Packing Company.

Signed and sworn to before me, a notary public for and in the county of Shawnee, State of Kansas, this 27th day of November, 1908.

[L. S.]

(Signed) RALPH R. ROLLMAN,
Notary Public.

My commission expires February 21, 1912.

HONEY.

[Paragraph 247.]

THE PENNSYLVANIA STATE BEE KEEPERS' ASSOCIATION PETITIONS FOR RETENTION OF PRESENT DUTIES ON HONEY IF AN INCREASE BE NOT GRANTED.

HARRISBURG, PA., *November 14, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

HONORABLE SIRS: At the convention of the Pennsylvania State Bee Keepers' Association, held at York, Pa., on November 12 and 13, 1908, the resolutions committee submitted the following resolutions, which the association directed the secretary to forward to you at once for your most respectful consideration:

Resolved, That it is the sense of the Pennsylvania State Bee Keepers' Association that it is imperative for the continuation and furtherance of the bee-keeping industry that a duty equal to or greater than the present schedule of 20 cents per gallon on honey be included in the forthcoming tariff law to be framed in the extra session of Congress after March 4.

Resolved, That as a means of combating bee diseases it is desirable that a duty of at least 10 cents per pound be placed on beeswax.

Yours, very truly,

A. F. SATTERTHWAIT,
*Secretary-Treasurer Pennsylvania
 State Bee Keepers' Association.*

THE HAWAIIAN BEE KEEPERS ASSOCIATION OF HONOLULU URGES RETENTION OF THE PRESENT DUTY ON HONEY.

WASHINGTON, D. C., *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The honey and wax industry in the Hawaiian Islands represents an investment of some \$250,000. The industry is one of the few minor industries that is established and on a paying basis. However, the margin of profit is so small that a discontinuance of the present tariff would ruin the local industry. The net profit does not average more than one-half cent per pound, while the duty on honey amounts to $1\frac{3}{4}$ cents per pound. The Hawaiian product comes in direct competition with Cuban honey, and Cuba can produce honey and pay the duty of $1\frac{3}{4}$ cents per pound and sell at a profit for the same price that the Hawaiian producers receive. As is the case with all products of Hawaii, honey and wax must go to the mainland or world's market. There is no chance whatever to sell an appreciable amount locally as a table honey, neither are there large baking or confectionery concerns here that can use it in bulk; neither can the Hawaiian producers place their honey on the mainland market as a table honey in competition with the producers of that article there. The Hawaiian product does not come in competition with the table-honey trade of the mainland in any way, the entire product being shipped in bulk for the baking and confectionery trade.

The matter of retaining, and if possible increasing, the present tariff of 20 cents per gallon, or $1\frac{3}{4}$ cents per pound, on honey directly interests every bee keeper in the United States, and the National Bee Keepers' Association has passed resolutions to the effect that an aggressive effort should be made in this direction. At the annual meeting held in Detroit in October a separate resolution was also passed recommending further that a tariff of 10 cents per pound be placed on beeswax.

Herewith I submit four tables, compiled by Dr. E. F. Phillips, in charge of apiculture, Department of Agriculture, Washington, D. C., which will give you all the available information concerning the

imports and exports of honey and beeswax into and from the United States. On a separate sheet you will find the tariff schedules of honey and wax in the different laws. These tables tell exactly the sources of the honey and show also what country is our main competitor. The price given under "Imports" is the price at the port at which consigned. Freight rates from Cuba and other countries shipping honey to the United States can not be obtained, but the rates imposed on the Hawaiian producers are necessarily far in excess of the Cuban rates. It costs the Hawaiian producer not less than 1 cent per pound to market his honey. The cost of production is not less than 2½ cents per pound, and the gross returns do not average more than 4 cents per pound.

The honey industry is one that appeals to a man of small means. The product is not perishable and can be stored until a sufficient quantity is obtained to enable the producer to take advantage of the lower rates of freight that prevail for large shipments. It is an industry that can be carried on independently on a large scale, where the territory will permit, or one that can be taken up as a side issue in conjunction with other pursuits where the territory is limited. Not more than 60 per cent of the territory of these islands capable of offering pasturage for bees is now occupied by apiaries. The industry is being gradually developed and extended, but, as is the case with all minor industries, has met with many difficulties, and much experimental work has been necessary to determine the best methods of apiculture for the semitropical conditions met with in these islands. The Hawaiian Bee Keepers' Association feels that it is of paramount importance that no reduction in the honey tariff be made. The industry is one along the line that Congress has repeatedly urged those in authority in Hawaii to undertake, and every encouragement should be offered to those engaged in apiculture in Hawaii, to bring the industry to a permanent and profitable basis. Any reduction in the honey tariff would ruin the bee-keeping industry in Hawaii.

Yours, very respectfully,

D. L. VAN DINE,
Secretary Hawaiian Bee Keepers' Association.

Tariff schedules on honey and wax under the different laws.

Acts of—	Tariff on honey.	Tariff on wax.
July 30, 1846.....	30 per cent ad valorem.....	20 per cent ad valorem.
March 3, 1857.....	24 per cent ad valorem.....	
July 14, 1862.....	15 cents per gallon.....	30 per cent ad valorem.
June 30, 1864.....	20 cents per gallon.....	
March 3, 1883.....	.....do.....	20 per cent ad valorem.
October 1, 1890.....	.....do.....	Free.
August 27, 1894.....		Do.
July 24, 1897.....	20 cents per gallon.....	Do.

EXHIBIT A.

Imports of honey into the United States, 1901–1908, by countries from which consigned.

Year ending June 30—	Cuba.				Mexico.				Santo Domingo.			
	Pounds. ^a	Value. ^b	Average price per pound.	Percentage of total imports from all countries.	Pounds. ^a	Value. ^b	Average price per pound.	Percentage of total imports from all countries.	Pounds. ^a	Value. ^b	Average price per pound.	Percentage of total imports from all countries.
1901.....	809,784	\$31,591	\$0.039	37.0	727,728	\$25,659	\$0.035	33.3	327,876	\$13,091	\$0.040	15.0
1902.....	131,736	5,807	.044	6.61	361,052	33,269	.024	27.8	160,440	4,853	.030	8.0
1903.....	1,665,088	64,867	.041	45.81	1,166,796	31,697	.027	33.8	198,204	4,897	.025	5.8
1904.....	1,296,912	42,597	.033	52.4	652,404	12,345	.019	26.3	373,212	8,982	.024	15.1
1905.....	1,675,768	57,913	.037	66.1	516,804	10,477	.020	21.7	162,792	4,063	.025	6.8
1906.....	756,312	26,233	.035	45.8	724,488	18,107	.025	43.7	27,840	820	.029	1.7
1907.....	915,744	33,389	.036	43.4	884,340	27,534	.031	42.0	81,272	746	.024	1.5
1908.....	1,162,872	46,720	.040	45.71	1,045,944	37,926	.036	41.1	49,068	1,376	.028	1.9

Year ending June 30—	Haiti.				All other countries.				Total.		
	Pounds. ^a	Value. ^b	Average price per pound.	Percentage of total imports from all countries.	Pounds. ^a	Value. ^b	Average price per pound.	Percentage of total imports from all countries.	Pounds. ^a	Value. ^b	Average price per pound.
1901.....	146,256	\$5,086	\$0.035	6.7	174,708	\$8,172	\$0.047	8.0	2,186,352	\$83,599	\$0.038
1902.....	35,184	1,173	.033	1.7	319,200	11,281	.035	15.9	2,007,612	56,383	.028
1903.....	255,588	5,013	.020	7.4	266,676	9,926	.033	7.7	3,452,352	115,400	.033
1904.....	58,476	1,273	.022	2.4	94,500	3,856	.041	3.8	2,475,504	69,053	.028
1905.....	44,052	779	.018	1.9	83,988	3,482	.041	3.15	2,383,404	76,719	.032
1906.....	81,444	1,703	.021	4.9	68,568	3,782	.055	4.1	1,658,652	50,651	.031
1907.....	188,640	4,849	.026	8.9	88,068	4,345	.049	4.2	2,108,064	70,854	.034
1908.....	106,116	2,870	.027	4.2	179,904	9,527	.053	7.1	2,543,904	98,425	.039

^a Custom-house returns of honey are given in gallons, assumed here to weigh 12 pounds.

^b Imports of honey into the United States are subject to a specific duty.

Values.—The values of all imported articles, whether subject to ad valorem or specific duties or free of duty, are regulated by the act of Congress of June 10, 1890.

The actual market value or wholesale price of such merchandise as bought and sold in usual wholesale quantities at the time of exportation to the United States in the principal markets of the country from whence imported, and in the condition in which such merchandise is there bought for exportation to the United States or consigned to the United States for sale, including the value of all cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in condition ready for shipment to the United States.

Valuation deceptions.—The value of imported articles subject to ad valorem duties is believed to be determined with more accuracy, according to the legal method of valuation, than other imports, with specific duties or free, and exported articles. The valuations of dutiable imports and of exports dutiable in foreign countries tend to understatement, and the valuations of imports that are free of duty are often inflated for the purpose of trade deception.

EXHIBIT B.

Imports of beeswax into the United States, 1901-1908, by countries from which consigned.

Year ending June 30—	Cuba.				Mexico.				Santo Domingo.			
	Pounds.	Value. ^a	Average price per pound.	Percentage of total imports from all countries.	Pounds.	Value. ^a	Average price per pound.	Percentage of total imports from all countries.	Pounds.	Value. ^a	Average price per pound.	Percentage of total imports from all countries.
1901.....	110,778	\$28,539	\$0.258	91.8	13,446	\$3,080	\$0.229	6.3	41,225	\$10,241	\$0.248	19.3
1902.....	157,839	44,364	.281	38.6	23,366	5,670	.217	5.7	73,364	21,118	.288	17.9
1903.....	147,917	42,357	.286	30.3	162,332	36,476	.225	33.2	82,829	21,364	.258	16.9
1904.....	98,455	28,682	.291	23.1	167,843	45,673	.272	39.5	80,783	21,061	.261	19.0
1905.....	79,926	24,006	.300	21.4	87,943	23,265	.265	23.5	46,816	11,193	.239	12.5
1906.....	158,523	48,120	.304	27.0	46,421	13,485	.290	7.9	34,052	8,596	.252	5.8
1907.....	331,942	93,702	.282	36.2	47,262	15,417	.325	5.2	67,264	16,941	.252	7.3
1908.....	264,984	76,431	.288	39.5	41,489	13,290	.320	6.2	55,311	13,085	.237	8.2

Year ending June 30—	Haiti.				All other countries.				Total.		
	Pounds.	Value. ^a	Average price per pound.	Percentage of total imports from all countries.	Pounds.	Value. ^a	Average price per pound.	Percentage of total imports from all countries.	Pounds.	Value. ^a	Average price per pound.
1901.....	11,286	\$4,292	\$0.380	5.3	37,038	\$9,732	\$0.263	17.3	213,773	\$55,884	\$0.26
1902.....	6,373	3,013	.478	1.6	147,764	42,372	.287	36.2	408,706	115,987	.28
1903.....	25,276	7,692	.304	5.2	70,222	19,331	.275	14.4	488,576	127,220	.26
1904.....	38,106	10,359	.272	9.0	39,981	11,103	.278	9.4	425,168	116,878	.27
1905.....	62,547	16,047	.257	16.2	96,337	26,610	.276	25.8	373,569	101,121	.27
1906.....	27,311	7,326	.268	4.6	321,310	90,487	.282	54.7	587,617	168,014	.28
1907.....	48,831	13,555	.278	5.3	421,789	125,022	.296	46.0	917,088	264,637	.28
1908.....	58,147	15,379	.264	8.6	251,595	76,584	.304	37.5	671,526	194,709	.29

^a Imports of beeswax into the United States are free of duty.

Values.—The values of all imported articles, whether subject to ad valorem or specific duties or free of duty, are defined by the act of Congress of June 10, 1890, as—

The actual market value or wholesale price of such merchandise as bought and sold in usual wholesale quantities at the time of exportation to the United States in the principal markets of the country from which imported, and in the condition in which such merchandise is there bought for exportation to the United States or consigned to the United States for sale, including the value of all cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in condition ready for shipment to the United States.

Valuation deceptions.—The value of imported articles subject to ad valorem duties is believed to be determined with more accuracy, according to the legal method of valuation, than the value of imports with specific duties or free of duty or the value of exported articles; the valuations of dutiable imports and of exports dutiable in foreign countries tend to understatement, and the valuations of imports that are free of duty are liable to inflation for the purpose of trade deception.

EXHIBIT C.

Imports and exports of honey of the United States, by decades, 1855-1908.

Year.	Imports.			Exports. ^a		
	Weight.	Value.	Average price.	Comb.	Ex-tracted.	Both comb and ex-tracted.
	<i>Pounds.</i>					
1855	5,245,908	\$138,189	\$0.0263			
1856	5,142,432	169,613	.0330			
1857	4,975,908	202,436	.0418			
1858	4,790,388	149,915	.0313			
1859	5,448,372	196,751	.0361			
1860	4,626,420	163,027	.0352			
Total	30,229,328	1,019,961	.0337			
1861	3,970,320	146,464	.0369			
1862	4,311,960	195,485	.0453			
1863	3,394,896	158,852	.0468			
1864	3,461,832	162,071	.0468			
1865	1,899,072	87,954	.0463			
1866	3,332,724	135,253	.0406			
1867	2,614,824	128,537	.0491			
1868	2,546,112	117,172	.0460			
1869		77,405		\$1,152		
1870		76,459		8,520		
Total		1,285,652				
1871		56,891		2,479		
1872		80,014		2,677	\$28,168	\$30,845
1873		128,925				
1874		88,379		711	57,895	58,609
1875		109,368		3,586	29,563	33,149
1876		72,135		2,534	26,079	28,613
1877		61,205		36,302	54,663	90,965
1878	1,403,724	67,111	.0478	6,212	24,638	30,850
1879	1,005,984	48,169	.0479	134,728	27,958	162,686
1880	1,293,360	59,806	.0463	26,820	28,439	55,259
Total		772,803				
1881	2,364,528	110,059	.0465	109,007	89,761	198,768
1882	1,831,164	78,976	.0431	19,082	30,592	49,674
1883	1,939,500	78,911	.0407	27,826	4,907	32,733
1884	1,530,432	57,443	.0375			68,764
1885	1,821,432	67,572	.0371			224,212
1886	1,520,688	45,551	.0299			44,735
1887	1,766,592	47,679	.0269			67,154
1888	1,893,816	46,210	.0244			77,579
1889	968,976	26,624	.0274			93,888
1890	757,428	27,191	.0359			113,101
Total	16,394,556	586,216	.0358			900,608
1891	572,880	20,808	.0363			83,325
1892	841,236	31,418	.0373			78,048
1893	2,113,764	79,396	.0376			15,115
1894	1,831,716	56,156	.0307			127,282
1895	809,328	22,983	.0284			118,873
1896	959,820	30,609	.0319			90,969
1897	797,184	27,519	.0346			22,308
1898	1,159,218	38,158	.0329			98,504
1899	1,514,604	51,599	.0341			55,900
1900	1,762,320	70,857	.0402			30,191
Total	12,362,100	379,593	.0307			720,575
1901	2,186,352	83,599	.0382			55,574
1902	2,007,612	56,383	.0281			106,112
1903	3,452,352	115,400	.0334			61,220
1904	2,475,504	69,055	.0279			69,317
1905	2,383,404	76,719	.0322			63,367
1906	1,658,652	50,651	.0305			111,945
1907	2,108,064	70,854	.0336			93,690
1908						78,102
Total						642,827

^a Only values are given in exports.

EXHIBIT D.

Imports and exports of beeswax into the United States, by decades, 1851-1907.

Year ending June 30—	Imports.			Exports.		
	Pounds.	Value.	Average price.	Pounds.	Value.	Average price.
1851				a 415, 923	a \$122, 835	a \$0. 295
1852				a 326, 368	a 91, 499	a. 280
1853				a 376, 693	a 113, 602	a. 302
1854				a 327, 554	a 87, 140	a. 266
1855				a 257, 415	a 69, 905	a. 272
1856				a 270, 320	a 74, 005	a. 274
1857				a 315, 378	a 91, 983	a. 292
1858				a 366, 246	a 85, 926	a. 235
1859				a 290, 374	a 94, 850	a. 327
1860				a 332, 474	a 131, 803	a. 364
Total				a 3, 308, 745	a 963, 548	. 2912
1861				a 270, 425	a 94, 495	a. 349
1862				a 142, 312	a 47, 383	a. 333
1863				a 254, 901	a 80, 899	a. 312
1864	b 54, 087	b \$13, 667	b \$0. 253	a 341, 458	a 170, 418	a. 499
1865	20, 899	6, 414	. 307	a 338, 776	a 261, 381	a. 772
1866	b 23, 900	b 10, 420	b. 436	a 272, 987	a 130, 650	a. 479
1867	25, 617	5, 450	. 213	a 253, 068	a 96, 282	a. 380
1868		5, 609		a 826, 887	a 255, 365	a. 309
1869					189, 396	
1870		b 19, 897		a 346, 668	a 137, 443	a. 396
Total					a 1, 463, 712	
1871		b 16, 817		a 365, 195	a 113, 070	a. 310
1872		b 20, 196		a 446, 474	a 126, 130	a. 283
1873		14, 661		a 374, 486	a 118, 053	a. 315
1874		7, 918		a 342, 068	a 113, 800	a. 333
1875		15, 400		a 353, 425	a 96, 578	a. 273
1876		14, 668		a 218, 610	a 69, 127	a. 316
1877		b 16, 844		a 276, 891	a 84, 461	a. 305
1878		13, 302		a 326, 613	a 95, 074	a. 291
1879		b 15, 861		168, 745	45, 823	. 272
1880		b 2, 766		193, 217	48, 880	. 253
Total		b 138, 433		3, 065, 724	910, 996	. 2971
1881		b 6, 733		164, 090	40, 203	. 245
1882		b 5, 312		124, 227	32, 325	. 260
1883	168, 879	41, 681	. 247	59, 455	17, 604	. 296
1884	48, 123	9, 323	. 194	51, 748	16, 042	. 310
1885	91, 754	21, 211	. 231	30, 877	9, 758	. 316
1886	26, 546	5, 718	. 215	136, 179	36, 626	. 269
1887	10, 843	2, 371	. 219	90, 350	24, 997	. 277
1888	51, 702	9, 411	. 182	78, 070	20, 554	. 263
1889	76, 951	11, 773	. 155	99, 917	23, 918	. 239
1890	126, 319	20, 282	. 161	171, 391	19, 727	. 115
Total		133, 815		1, 006, 304	241, 754	. 2402
1891	379, 135	80, 485	. 212	120, 548	30, 027	. 219
1892	271, 068	65, 487	. 242	127, 470	31, 898	. 250
1893	248, 000	62, 024	. 250	77, 434	22, 048	. 285
1894	318, 660	80, 024	. 251	469, 763	118, 093	. 251
1895	288, 001	78, 776	. 274	309, 212	90, 875	. 294
1896	273, 464	75, 970	. 278	222, 612	65, 844	. 296
1897	174, 017	43, 339	. 249	195, 048	56, 462	. 289
1898	272, 097	72, 473	. 266	151, 094	41, 827	. 277
1899	452, 016	109, 957	. 243	152, 494	41, 916	. 276
1900	213, 813	51, 526	. 241	319, 379	91, 913	. 288
Total	2, 890, 271	720, 061	. 2491	2, 145, 054	590, 903	. 2755
1901	213, 773	55, 884	. 261	140, 276	39, 464	. 281
1902	408, 706	115, 937	. 284	125, 283	36, 541	. 292
1903	488, 576	127, 220	. 260	70, 811	21, 337	. 300
1904	425, 168	116, 878	. 275	55, 631	16, 545	. 300
1905	373, 569	101, 121	. 271	85, 406	24, 966	. 292
1906	567, 617	168, 014	. 286	101, 726	29, 894	. 294
1907	917, 088	264, 637	. 289	117, 169	36, 392	
1908						

* Stated as wax.

* Including manufactured.

HOPS.

[Paragraph 248.]

HERMAN KLABER, OF PORTLAND, OREG., ASKS THAT THE DUTY ON HOPS BE DOUBLED AS A PROTECTIVE MEASURE.THURSDAY, *November 19, 1908.*

Mr. KLABER. Mr. Chairman and members of the Ways and Means Committee, I come before you as a representative and on behalf of about 3,500 hop growers of this country, and also on behalf of 150,000 to 200,000 laboring people who are engaged in the cultivation of hops, to submit to you some facts and figures in verification of the appeal they have presented to you in the form of a memorial submitted by Senator Woodward, of California.

I do not desire to trespass upon your valuable time by burdening you with any unnecessary collection of statistics relating to hops, because these are at your disposal at the office of the United States statistician and are not necessary just now in the presentation of our general statement. The hop growers of the United States are in great and dire distress, and I desire to emphasize their prayer and their appeal to you for aid and protection in these times of their financial adversity. But few people except those directly interested have any conception of the importance of the hop industry. Hops rank fourteenth in point of importance in the United States agricultural products, according to the report of the United States Secretary of Agriculture, but no other crop disbursts so great a percentage of its cost for labor.

The capital invested in this industry is far greater than is generally known. Without going into detail, I am prepared to give you the interesting information that we have about 3,500 growers of hops in the United States and have about 53,000 acres in cultivation in hops, and upon the basis of over \$100 an acre as actual outlay for the equipment, it represents a total capital investment of \$20,000,000 to \$25,000,000. This does not cover the value of the land upon which the improvements have been made. The cost of raising hops is about 15 cents per pound, of which over 85 per cent is spent for labor. In 1906 we raised about 380,000 bales in the United States, which represents over ten millions disbursed for labor.

Our hop growers are appealing to you for an advance in the tariff on foreign hops from 12 cents per pound to 24 cents per pound, and I shall endeavor to submit to you substantial reasons why we require this increase to save the industry from ruin.

The CHAIRMAN. In 1906 the production of hops in this country was 48,000,000 pounds, of which 16,000,000 pounds were exported, and the importations were only 5,000,000 pounds. Please answer the proposition contained in those figures before you get through.

Mr. KLABER. In 1906 the United States produced about 65,000,000 pounds. We exported about 18,000,000 pounds from September 1, 1906, to September 1, 1907, of 1906 hops and imported for the same period about 6,000,000 pounds, but in the year following, that is, ending June 30, 1908, our importations were 8,500,000 pounds, and the average imports for the past three years were 8,300,000 pounds, which is an increase of 175 per cent over the average of the previous ten

years. On its face it appears as an excessive advance, but a study of the facts will at once dissipate this idea. Our position is this: The American brewer who uses imported hops uses them only in small proportion to the use of American hops. In other words, he uses only 1 pound of imported hops to make a given quantity of beer where he uses 2 pounds of domestic hops to make the same quantity of beer. Hence you will see that a pound of foreign hops displaces 2 pounds of American hops. According to this, the present specific duty of 12 cents per pound on foreign hops is in reality only a protection to the American grower of about 6 cents per pound, or the ratio of two to one.

The CHAIRMAN. One pound of imported hops will go as far as 2 pounds of domestic hops in making beer?

Mr. KLABER. The brewers use them at about that rate of displacement.

The CHAIRMAN. Who is your authority for that statement?

Mr. KLABER. Some of the brewers that use them.

The CHAIRMAN. It is very strange that statement should appear to-day, when we have had hearings for years before this committee and no intimation of that kind was ever made before.

Mr. KLABER. The brewers make that claim, and some brewers have claimed even as high as 3 pounds of domestic hops to 1 pound of imported hops.

Mr. CLARK. That is when they are trying to buy the hops from you?

Mr. KLABER. It is an established fact in the hop trade that brewers use only one-half as many imported hops as American hops and in some cases only one-third as many.

Mr. CLARK. Who is there that knows that?

Mr. KLABER. I know it and the United States Department of Agriculture knows it.

Mr. CLARK. You take it by hearsay, but who knows it?

Mr. KLABER. All hop men know it, besides which I am interested in a brewery in Seattle, and I know that we only use in our brewery one-half as many imported hops as American hops.

Mr. CLARK. You run a brewery and hop field, too?

Mr. KLABER. Yes, sir. Foreign hops are not necessary to make the highest or any other grade of beer. However, some of the American brewers believe it pays them to buy the foreign hops, and they use them upon a basis of 1 pound of foreign hops against an average of 2 pounds of domestic hops.

We need a duty of 24 cents per pound on foreign hops to offset this displacement, and which in reality would only be a duty of about 12 cents per pound, figuring pound for pound.

The average price on foreign hops the past five years in New York has been about 44 cents per pound. The maximum price of imported hops for the past five years was 60 cents per pound. Therefore the present specific duty of 12 cents per pound is only equal to about 20 per cent ad valorem.

The CHAIRMAN. Twenty per cent ad valorem?

Mr. KLABER. Yes, sir.

The minimum price of imported hops for the past five years was 20 cents per pound. Therefore the present specific duty of 12 cents per pound reduced to ad valorem basis equals only 60 per cent. So

you will observe that the duty imposed is not excessive when compared with other articles we import into this country of similar character, namely, luxuries.

Taking the average of the prices for imported hops for the past five years, which is about 44 cents per pound, the duty amounts to less than 30 per cent on the ad valorem basis.

The CHAIRMAN. In 1903 it was 40 per cent, the next year 24 per cent, the next 26 per cent, the next year 50 per cent, and the next year 37 per cent. That is what the government statistics will show.

Mr. KLABER. Ad valorem?

The CHAIRMAN. Yes, sir.

Mr. KLABER. I have mentioned 30 per cent ad valorem as the average. That is the average. I have not gone into details.

The importance of the hop industry is very great since, as I have indicated, the principal cost of its production is for labor, and all of the material used except the burlap, which we import from India, is the product of American labor.

Now, in view of these very important facts, our growers of this country believe that they are entitled to protection and a right to proceed with this industry unmolested, and not be forced to plow up on account of foreign importations.

I have said to you that foreign hops are not necessary for the improvement of the quality of our beer. In exceptional years when the German or Austrian crops are light, and they have only sufficient for their own requirements and are consequently unable to ship any to the United States, the American brewers use American-grown hops exclusively, and no objection is made as to their brewing qualities. In further verification of this fact I have the authority of Dr. W. W. Stockberger, expert of the United States Department of Agriculture, who made a special study of American and foreign hops, to repeat his opinion on the subject that the indications from his experiments, although as yet incomplete, are that imported hops are not necessary for the highest class of beer. I have no doubt that if you so desire Doctor Stockberger will be pleased to appear before your honorable body and verify these statements.

It is quite true that we export large quantities of our hops to England, and they are admitted free of duty. I will also inform you that Australia and New Zealand impose a duty of 12 cents per pound on the hops which we ship to those countries. There is only a very limited area adapted for hops in those countries, and they must therefore import most of their requirements. Yet they impose a duty as great as we now have in this country to protect their few growers and their very limited industry, while in this country where we have sufficient area to supply the whole world with hops we are being forced out of business because of lack of protection from foreign importations.

It has been said that the European countries will retaliate in the event we increase the duty. That is the contention of all the New York importers. I can not see how Germany or Austria can expect to retaliate, since these countries purchase no hops from us. If they see fit to impose a higher duty in retaliation, we are perfectly willing that they impose a duty of \$1 a pound if they so desire. It could not possibly affect us, since we ship no hops to their markets, because their cost of production is less than ours, and they have

further fortified themselves against the invasion of foreign hops with a duty of about 7-cents per pound in order to prevent us from shipping into their market our surplus that results from their flooding our market with their hops. It is positive that England will not retaliate by the imposition of a prohibitive duty, as England is not at all interested in our duty on hops, because she sends no hops to this country whatever. Besides which, England is a free-trade country and she must therefore be consistent in all lines with her general policy. Even though England should impose a duty on hops she would not be doing any injury to the American Government, but only to our growers personally. So far as the American hop growers are concerned, I can speak for them that they are perfectly willing to take their chances on this score. It is quite evident that the present tariff on hops does not protect, since our growers are becoming bankrupt, and no matter how high a tariff may appear to you we feel justified in appealing to you to have it adjusted so that our great hop-growing industry should suffer no further decline. We believe 24 cents per pound duty will protect our industry, but if it does not, and the importations should continue as large as at present, then our Government has at least been benefited by increased revenue in compensation for the ruination of an industry so hugely important to the United States and a large number of laboring people in this country.

The increase in the tariff can not injure the brewers or the consumer, since the quantity of domestic hops used is only five-eighths of a pound to the barrel and of imported hops only one-half of this quantity, or five-sixteenths of a pound to the barrel; and as a barrel of beer contains about 650 glasses you can readily see how insignificant and infinitesimal is the increased cost to the consumer. The increase would mean not over 5 cents per barrel of 650 glasses, yet if we keep out some of the imported hops it will save our presently declining industry.

Now, gentlemen, in conclusion I wish to emphasize the fact that our growers have suffered immensely the past few years, and the startling condition confronts us that we are constantly plowing up our hop yards while the importation of German and Austrian hops is continually increasing, and therefore it seems absolutely necessary that the Ways and Means Committee should come to the relief of the American grower, otherwise it will eventually revert to the proposition of "the survival of the fittest," and I am indeed sorry for our poor American hop grower and our American laborer if we are compelled to continue in competition with foreign labor.

Mr. UNDERWOOD. What are the importations to foreign countries?

Mr. KLABER. They vary every year. Some years they are high and some years low.

Mr. UNDERWOOD. Give us the average.

Mr. KLABER. Fifty thousand, 60,000, and 70,000 bales.

Mr. UNDERWOOD. How many pounds in a bale?

Mr. KLABER. About 185 or 200 pounds—probably 10,000,000 pounds; something like that, I guess.

Mr. CRUMPACKER. Exported?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. Then one-third of the entire production of this country is sent over to compete with the foreign product?

Mr. KLABER. Our exportations vary each year; some years we do not export over one-sixth, and some years as many as one-third of our crop. All of our exportations are made to England.

Mr. CRUMPACKER. That is a free market?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. You are able to compete with foreign-produced hops, selling one-third of the entire crop there?

Mr. KLABER. We had to find an outlet for the hops from year to year, therefore forced to consign our hops to London.

Mr. HILL. At what price have you sold hops in the last year in London?

Mr. KLABER. At prices ranging from as low as 3 or 4 cents, and as high as probably 9 to 10 cents f. o. b. coast.

Mr. HILL. On the Pacific coast?

Mr. KLABER. Yes, sir.

The CHAIRMAN. That is not the usual price?

Mr. KLABER. It has been during the last three years.

Mr. HILL. You stated 15 cents?

Mr. KLABER. That is the cost of production, figuring actual cost, interest, depreciation, and other expenses.

Mr. HILL. What is the selling price here?

Mr. KLABER. The selling price has varied from 3 to 10 cents for the past three years. The market to-day is 4 to 8 cents for 1908 hops on the Pacific coast.

Mr. CRUMPACKER. There were imported 5,000,000 pounds last year on which the duty was paid?

Mr. KLABER. The importations last year (fiscal year 1908) were 8,500,000 pounds. The average of the imports of the past three years has been 8,300,000 pounds, while previous to three years ago the average imports were only about 2,500,000 pounds.

Mr. CRUMPACKER. The price was sufficient to justify the importation?

Mr. KLABER. Some brewers seem to think they require the foreign hops.

Mr. CRUMPACKER. They are necessary?

Mr. KLABER. Some brewers think so.

Mr. CRUMPACKER. You would like to have the duty so high as to compel him to use American hops?

Mr. KLABER. We want the duty sufficient that our hop growing industry can be protected, at the same time not a prohibitive tariff.

Mr. CLARK. Here is a sentence in a government document: "The growing of hops in this country was originally confined to New York and New England, but other States are now interested, and California and Oregon raise a most excellent quality of the article, the greater proportion of which is exported." Is that true or not?

Mr. KLABER. In a measure; yes, sir.

Mr. CLARK. How much does it cost to raise a pound of hops?

Mr. KLABER. Figuring actual cost, also interest, insurance, depreciation of equipment, wages of the farmer, and risks one year with another, the cost is close to 15 cents per pound.

Mr. CLARK. How much do you get for it?

Mr. KLABER. During the last three years, 5, 6 and 7 cents on the Pacific coast.

Mr. CLARK. Five, 6 and 7 cents. What is the average—would you say 6 cents?

Mr. KLABER. I can not answer that question positively.

Mr. CLARK. We will take it at 6 cents, and then you get 12 cents duty on top of that; 6 cents plus 12 cents makes 18 cents.

Mr. KLABER. Yes, sir.

The CHAIRMAN. It costs 15 cents and you sell it at 6 cents?

Mr. KLABER. In the last three years we have; yes, sir.

The CHAIRMAN. The price runs up to 50 cents a pound sometimes?

Mr. KLABER. That was in 1882. There has been nothing like that since then.

Mr. CLARK. How does it happen that you export so many hops?

Mr. KLABER. Because we have not a market here.

Mr. CLARK. How much do you get when you export them?

Mr. KLABER. The price fluctuates.

Mr. CLARK. So does the price of everything fluctuate.

Mr. KLABER. But nothing like hops.

Mr. CLARK. Why do you export them?

Mr. KLABER. To get rid of them.

Mr. CLARK. Do you make any money?

Mr. KLABER. The past three or four years our growers have gone bankrupt on the coast on account of extremely low prices.

Mr. CLARK. Why do you not quit the business?

Mr. KLABER. We have quit; we have reduced the crop one-half.

Mr. CLARK. Can you raise wheat on the same land?

Mr. KLABER. Our land will certainly produce wheat, but you will understand that it cost \$300 to \$400 per acre to equip a hop yard with poles, trellis, drying buildings, and a dozen other expensive things, and it is not an easy matter to transfer a hop yard into a wheat field, where no equipment is necessary. To change a hop field into a wheat field or any other kind of field, would mean practically a total loss of \$300 to \$400 per acre, which represents the value of the equipment, buildings, and other improvements of a hop field.

Mr. CLARK. Wheat has been selling at \$1 a bushel?

Mr. KLABER. Yes, sir.

Mr. CLARK. How long have you been raising hops in Oregon and California?

Mr. KLABER. Hops have been raised on the Pacific coast over 40 years, but only in the last ten years extensively.

Mr. CLARK. Have you been making money all the time?

Mr. KLABER. The fact that our growers are now bankrupt, and the further fact that a great many of our growers are plowing up their yards, I think is a reasonable answer to your question.

Mr. CLARK. Have you been losing money?

Mr. KLABER. We certainly have the last three or four years.

Mr. CLARK. You are in the hole?

Mr. KLABER. We are decidedly so at present, and must have some protection from the Government against the increasing importation.

Mr. McCALL. You understand that we export more hops than we import?

Mr. KLABER. We do, but you are aware that we also export more than we import of tobacco, steel products, wheat, barley, and dozens of other articles on which the duty is on an average even greater than

that which is now imposed on foreign hops imported into this country.

Mr. McCALL. Therefore we raise more hops than our entire consumption?

Mr. KLABER. We did up to this year, but the ruination of the industry during the past three years has cut our average to the extent that we now produce no more than we consume.

Mr. McCALL. According to the figures I have here, we raise 10,000,000 more pounds of hops than our entire consumption. What difference would it make if we did double or treble the duty? How would that give you any relief?

Mr. KLABER. In 1907 we raised 5,000,000 pounds more than our consumption, while in 1908 we raised 5,000,000 pounds less than our estimated consumption. If you raise the duty, it would keep out a sufficient percentage of the imports to protect our industry.

Mr. McCALL. But the imports are very small, only 5,000,000 pounds.

Mr. KLABER. The imports the past three years were 10,100,000 pounds, 6,200,000 pounds, 8,500,000 pounds, or an average of 8,300,000 pounds per year. These are the United States Government figures for the fiscal years 1906, 1907, and 1908.

Mr. McCALL. Which was less than the exports?

Mr. KLABER. Yes, sir.

Mr. CRUMPACKER. The tax valuation is 32 cents a pound, and the tariff added to that would make the hops sell in this market at about 43 cents?

Mr. KLABER. Forty-four cents.

Mr. CRUMPACKER. You are selling them at 5 or 6 cents.

Mr. KLABER. We have been compelled to the last two or three years.

Mr. FORDNEY. The hops you sell abroad, what do you get for them in this market?

Mr. KLABER. The price varies, but as a general thing we get a slight advance over the price for home consumption.

Mr. McCALL. You want to solve this question by compelling the brewers to put more hops into beer?

Mr. KLABER. Well, if this could be accomplished it would not be a bad move, because it is known that hops being a vegetable preservative improve beer and act as a tonic, therefore if the brewers were compelled to use more hops per barrel than they are at present using, we would certainly have much better beer.

Mr. CLARK. How many pounds of hops are raised to the acre?

Mr. KLABER. In some sections 600 pounds, in some 1,500 pounds, in some 2,000 pounds, but the average production per acre in the United States is only 1,000 pounds.

STATEMENT OF E. C. HORST, 215 PINE STREET, SAN FRANCISCO, CAL., WHO CLAIMS THAT THE INCREASE OF DUTY ON HOPS IS NECESSARY FOR PROTECTION.

THURSDAY, *November 19, 1908.*

Mr. HORST. I think it will be more in my line to answer questions than to attempt to make any argument.

The position is just this: We raised three years ago 65,000,000 pounds of hops. This last year we raised 38,000,000 pounds, and we

are now raising less hops in the United States than the United States consumes. While we are now and have for the last three years been plowing up our hops to a very large extent, we are now and have been during all these last three years importing them to a much greater extent than during the average of the ten years previous. It is therefore plain that the first thing to do to stop the further plowing up of hops in America is to raise the duty on hops to a sufficient extent to reduce the importations to bring them down to the normal figures. By normal figures we mean the average importations for the ten years ending with the fiscal year of 1905. This period is taken because it is during all the time since then that the conditions have existed that necessitate the plea for the increased duty.

We find that the 12-cent duty does not keep the importations of hops within reasonable check. We have reason to believe that by increasing the duty to 24 cents per pound that the importations, which average 8,300,000 pounds of hops per year during the last three years, will be brought back to 3,000,000 pounds per annum, which is the average of the preceding ten years.

It is just a question whether the United States will continue the imports or whether the United States shall continue the heavy plowing up of hops, and this is the question for you gentlemen to decide.

Your committee seems to be of the opinion that America's hop importations have increased to only 5,000,000 pounds per annum, which would be an increase over the average importations of about 2,000,000 pounds per year since our business has started its rapid decline. A decrease of 2,000,000 pounds per year in the importations could, we believe, be accomplished by a return to the rate of duty under the McKinley bill, namely, 15 cents per pound, but the importations have jumped to a yearly average for the past three years to 8,300,000 pounds, or an increase in three years of 175 per cent, and we believe a 24-cent duty (equal 68 per cent ad valorem) is necessary to cause the importation to resume the former average of 3,000,000 pounds per year.

From the questions you have asked Mr. Klaber, representing the Oregon and Washington hop growers, it is evident that you wish information as to why an increase of 12 cents per pound duty on hops is necessary in face of the facts that foreign hops sell in this market for a higher price than American hops and that America has annually exported more hops than she has imported. With reference to the price of foreign hops being higher in price in America than domestic hops, permit me to state that theoretically there should be no importations into America in the face of foreign hops being unnecessary in making the best and all other beers and of American hops being cheaper. But it is a fact that hops are being imported, and the increase has been so great in the past three years as to require relief at your hands.

Many American brewers buy heavily of German and Austrian hops when prices are low. They figure that as it takes only about a half pound of American hops to make a barrel of beer, and even less of the foreign hops, that their whole hop cost per barrel is so small that they buy foreign hops, no matter how cheap they can get the American hop, and when the German and Austrian hop crops are large and cheap they unload their surpluses on our market and force the American grower to carry over his surplus, and as hops

deteriorate rapidly with age, the American carry-over is rendered almost worthless, and with a carry-over staring the American market in the face, the American hops during the whole season do not realize cost of production or near thereto.

With regard to exports exceeding imports, permit me to say, with hops it is very much like tobacco, we export some grades and import others; preference and prejudice are large factors determining grades. We export to one market and import from another. The fact that exports have exceeded imports has as far as we can learn never been urged against protection to an industry, except where an industry is controlled by a combination or trust and where it sells in a foreign market at less than at home.

There is no such thing as a trust or combination in the hop trade; there is no making of artificial prices by growers or dealers in hops. American hops are not sold in foreign markets for less than for what they are sold at the same time in the American market, and during the past three years there never has been a time when American hops have sold as high as cost of production; but while our exports have exceeded our imports every year for the past twenty years, still that condition can not continue under the now changed conditions of the entire American production being less than entire American consumption.

When the present now unsalable surplus of old hops is exhausted, our exports can not exceed our imports, because we have not now left in America enough acreage in hops to supply only the American consumer, and whatever exports we continue to do with England will have to be offset by still heavier importations into this country.

Your chairman has stated that the duty on hops equaled in 1903, 40 per cent ad valorem; 1904, 20 per cent ad valorem; 1905, 26 per cent ad valorem; 1906, 50 per cent ad valorem; 1907, 37 per cent ad valorem. This makes an average for the five years of 34 per cent. We feel justified in stating that to double this rate would not be out of line with other important agricultural products. Barley, wheat, oats, hay, beans, potatoes, onions, oranges, and tobacco are all items where the exports greatly exceed the imports, yet they are better protected than hops, because where the duty is not of itself sufficient, the freight charges on importations would more than make up the insufficiency of the duty.

On hops we do not have the advantage of freight charges; in fact, we are at a disadvantage because the freight from Europe to United States is by water and is less than half what it is from the Pacific coast to the consumer.

We respectfully submit that hops are entitled to at least as much protection as tobacco and many other properly protected crops, on the ground that hops are a perishable crop and American growers should be protected from extraordinary importations when Europe has a surplus, especially as there is but one use for hops and its consumption can not be increased no matter how low a price may be made thereon. The limited use of hops and the perishable nature of the product entitle the crop to a duty sufficient to protect the industry.

The nearest comparison that we can make to hops is tobacco. The tobacco exports exceed the imports by \$7,500,000 per year, and foreign tobacco sells higher in this market, yet the industry is protected by a duty varying from 47 per cent to 164 per cent.

There are many conditions that would entitle hops to more protection than tobacco and none that we can see that would entitle it to less. Many other products of the farm and factory can be similarly quoted.

In the struggle for existence the American hop grower can not compete with Europe, for the reason that while American hops are almost all grown by men who raise hops exclusively, the European hop crop is almost in its entirety grown as an incidental crop.

The European hop crop, though amounting to more than double the American crop, is almost all made up of crops so small that nothing is paid out for labor. The European hop farmers devote only a small proportion of their time to grow their few hops, which are harvested without expense by the farmer's own family. The European farmers grow such small patches of hops that they do it without expense or even equipment.

The American hop grower raises hops on a large scale, and in nearly all cases has his every dollar invested in the business, and has to hire his help at the usual price of American labor, which even at the present reduced hop acreage amounts to over \$5,000,000 per year.

The duty is now 12 cents, which, according to your chairman's comment, averages 34 per cent ad valorem for the past five years. We ask that the specific duty be doubled in order that the imports which have almost trebled in the last three years will fall back to the average of the previous ten years. There can be no question but that importations can not be brought down to the previous average except as a result of the proposed increase in duty.

The foreign hop grower has the American hop grower on the run, and while the crops in Germany and Austria have materially increased in the past three years, the American acreage has been split in two.

No one objects to the proposed increase. The increased cost of beer made of imported hops would as a result of doubling present duty figure about 5 cents per barrel, and the brewer that might object to stand this pretty extra cost on what beer he brews from imported hops can charge it to his customer, and as there are about 650 glasses of beer in a barrel, the consumer would have a negligible quantity to deal with.

But there is no one that can reasonably object to the increased duty, nor has the agitation for increased duty brought out any objection from any producer or consumer of hops. By doubling the duty the importations will not cease; and from best estimates that can be made it is safe to figure that the present importations of 8,500,000 pounds at 12 cents duty will fall to about 3,000,000 pounds at 24 cents duty. The Government will get about as much revenue under the one rate as the other. Our interest as hop growers goes only so far as to urge the duty to be made sufficiently protective to cause importation not to exceed an average of 3,000,000 pounds per year.

That America can raise all the hops needed by America is proven by the fact that for over twenty-five years she has raised them. Importations have run as low as 820,000 pounds (fiscal year 1894), and the average for eleven years, 1895 to 1905, inclusive, to about 3,000,000 pounds.

The importations since then are as follows: 1906, 10,100,000 pounds; 1907, 6,200,000 pounds; 1908, 8,500,000 pounds. Average, 8,300,000 pounds.

If America continued to grow as many hops as in 1908, say 38,000,000 pounds, and if America continued to export as many hops as in 1908, say 22,000,000 pounds, it would leave American hops for American consumption only 16,000,000 pounds. And as American consumption is 53,000,000 pounds per year, we would, to hold our export trade, have to import hereafter to extent of 27,000,000 pounds per annum (less old surplus now being carried in America).

Under the present conditions we will have either to increase our production, which can be done only with protection that protects, or we will have to lose our export trade, which has been built up to 22,000,000 pounds in 1908, or we will have to import enough hops to offset both our exports and what we are now growing less than the American consumption.

The American hop industry has been crippled by insufficient protection. If you give us protection we will be able to rebuild our industry to what it was three years ago, while without it our industry will continue to decline.

The CHAIRMAN. Whenever the brewers want foreign hops, in order to make a certain class of beer, they will pay the duty of 12 cents a pound?

Mr. HORST. Yes, sir; they will pay 12 cents; but if they pay a duty of 24 cents per pound, then the importations will be reduced, and we have reason to believe that under a 24-cent per pound duty the importations will drop to 3,000,000 pounds per annum, which was the average rate of importations for the ten years up to three years ago, and to which rate of importations the American hop grower does not seriously object.

The CHAIRMAN. You want to compel them to use American hops?

Mr. HORST. We do not want to compel the brewer to use American hops, but we urge the necessity of the importations being kept within proper bonds, especially at this time when the American hop grower is being forced out of the business by the importations.

The CHAIRMAN. The result would be to compel them to use the American hops. Is not what you really want an absolute prohibition of the importation of hops?

Mr. HORST. We do not ask nor want absolute prohibition of importation of hops. We do not ask any greater rate of duty than such rate as will be necessary to bring the importations back to the normal basis, namely, 3,000,000 pounds per annum. We want to protect our industry. We have built up the American hop industry to a certain extent sufficient to take care of the American consumption and to take care of a good export trade to England, where our hops find great favor. Our exports have been practically confined to England, while our imports have been exclusively from Germany and Austria. We do not import from England, nor do we export to Germany or Austria. For ten years just prior to three years ago the importations amounted on the average to 3,000,000 pounds a year; for the last three years the importations have jumped to an average of 8,300,000 pounds, and during all of the time that the 8,300,000 pounds have been imported we have been plowing up our hops. We have in-

creased our importations and decreased our production, and unless you gentlemen come to our relief we are going to plow up more hops and import more hops.

Mr. FORDNEY. You believe that it is better for the people of this country to produce all the hops consumed here than it is to pay foreign labor to produce them?

Mr. HORST. Exactly.

Mr. FORDNEY. That is all.

Mr. HORST. The American hop industry is being wiped out.

Mr. CRUMPACKER. What is the price of imported hops?

Mr. HORST. The price of imported hops varies. During the period we are talking about foreign hops have run as low as 20 cents, duty paid, and as high as 60 cents, duty paid. The price continually fluctuates, and right now the price of foreign hops is about 22 cents, duty paid.

Mr. CRUMPACKER. And the price of domestic hops?

Mr. HORST. The price of new Pacific coast hops runs from 6 cents to 8 cents per pound on the Pacific coast, and on old hops the price is from 1 to 3 cents on the Pacific coast. The prices run from 10 to 13 cents in New York State. To the price of Pacific coast hops has to be added the freight charges from the Pacific coast to the Eastern States, which charge amounts to about 2 cents per pound.

Mr. CRUMPACKER. There is really no competition between domestic and foreign hops, as the consumer will pay four times as much to get the foreign hops?

Mr. HORST. Of course there is competition between domestic and foreign hops. This is evident from the fact that up to two years ago America has grown more than enough hops for America's requirements, and where the ordinary consumption is 45,000,000 pounds per year only 3,000,000 pounds per year have been imported, but now these importations have increased to an average of 8,300,000 pounds, and while Germany and Austria have increased their crops within the last three years, America has reduced its acreage almost one-half during the same time.

The foreign hops do not often sell as high as four times the price of American hops, the difference is usually only about double the price, and there is competition because when the American brewer buys foreign hops he figures that it takes less hops, consequently he considers the ratio of the beer-making properties of the hops.

Mr. CRUMPACKER. There is something in the quality of the foreign hops that the domestic hops do not contain?

Mr. HORST. Absolutely nothing. The United States Department of Agriculture, which has made an exhaustive study of hops for the past five years will confirm my statement, and it has officially reported that there is nothing in the quality of the foreign hops that our best domestic hops do not contain.

Mr. CRUMPACKER. Does not the brewer so believe?

Mr. HORST. Some of them do and some of them do not, and those that do are the ones that are buying foreign hops.

Mr. CRUMPACKER. They pay four times as much for foreign as domestic hops?

Mr. HORST. They are doing it now. They are paying about four times as much for foreign as for Pacifics and nearly twice as much

for foreign as New York States. The conditions now are exceptional. Europe has a surplus of hops, and they are dumping them into our market, and there are some brewers who, when they can buy foreign hops cheap, will not buy American hops, because the quality of hops used in a barrel of beer is so small; in fact it is only a few cents per barrel of beer. If they can crowd the American hop grower out of the business—

Mr. CRUMPACKER. Who?

Mr. HORST. The foreigner.

Mr. CRUMPACKER. You can not compete in your own market with them when they charge four times the price that you charge for your hops?

Mr. HORST. There are things that you must take into consideration. Right now is an exceptional time. It is not always the case.

Mr. CRUMPACKER. That has been the case for ten or twelve years, judging from the importations and the ad valorem duties on imported hops and the price. Four years ago the price was 45 cents plus the duty, 57 cents in the port of New York on foreign hops.

Mr. HORST. Four years ago the price was an exceptionally high one. The importations have never been above 3,000,000 pounds for an average for the ten years up to the fiscal year of 1905, and during that period the importations have run down to less than 1,000,000 pounds, which shows that foreign hops are not necessary in this market, and it is only because of the exceptionally heavy importations during the last three years, which have averaged over 8,300,000 pounds, that we are complaining, and all we ask is a duty high enough to reduce the importations to, say, an average of 3,000,000 pounds per annum.

Mr. CRUMPACKER. It would seem that they have not averaged more than 2,500,000 pounds?

Mr. HORST. They have run down to less than 1,000,000 pounds.

Mr. CRUMPACKER. You want the tax put so high as to prohibit the use of foreign hops and to compel the brewers to use your American hops when, in their judgment, the foreign hops are of quality better than yours?

Mr. HORST. We ask you to put the tax so high as to meet the present emergency. We do not ask the tax so high as to prohibit the importation altogether, but we do ask that the duty be made high enough to keep the importations down to 3,000,000 pounds. It has been demonstrated that the 12 cent duty does not protect the American industry. We are sure that 24 cents will not prohibit the importation, but we believe that 24 cents will keep the importation at about 3,000,000 pounds per year. You can see that while our importations have increased 175 per cent, that our production has, during the same period, decreased 45 per cent, and it has decreased to such an extent that we are not now raising enough hops for our own market, and this shortage is the cause of decreased acreage.

Mr. CLARK. Would it not simplify matters if you and people like you simply had a law passed that no foreign hops should be imported into the United States?

Mr. HORST. We do not ask for any law to exclude foreign hops, but we do feel that we are entitled to proper protection of an industry that has been built up at an enormous expense, and which

industry, by reason of insufficient duty, has been cut in two within the last three years. The Government has injured the American hop grower by the pure-food bill.

Mr. CLARK. I do not care anything about what the Government has done. I asked you if it would not simplify matters just simply to pass a law that no foreign hops should be brought into the United States?

Mr. HORST. We do not ask any higher duty than is necessary to keep importations within reasonable bounds.

Mr. RANDELL. Has there been more or less hops used in the manufacture of beer in the last four years?

Mr. HORST. The consumption of hops has been constant in the last four years; in fact, for the last 10 years.

Mr. RANDELL. It has not decreased?

Mr. HORST. No, sir. I would like to say that America exports and imports hops at the same time, and I would like to explain to you that the hops imported are a different class of hops from the ones exported. The hops exported to England are hops grown in a certain territory, for which we have a good market in England. England buys those hops. The export business in hops has been a paying business up to three years ago, but during all of the last three years the hops that have been exported to England have been sold on an average for much less than the cost of production, and the exports have been exceptionally large during the last three years because Germany and Austria have dumped large quantities of hops into our market and we have had to export more hops than usual because of the increased importations.

The increased exportations were not because of increased demand in England, and a large proportion of the surplus hops shipped to England within the last three years are still in England unsold, and a large proportion of them are still the property of the Americans that shipped those hops to England.

If the American importations during the last three years had been kept within the 3,000,000 pound per year average, a large part of those hops that were shipped to England could have been kept at home and realized a better market than shipping them away.

Mr. FORDNEY. How did the pure-food law affect hops?

Mr. HORST. According to the pure-food law the contents of a bottle must be according to the label. The American brewers have been using American hops for making beer, labeled as made from foreign hops.

The CHAIRMAN. The Netherlands took 15,500,000 pounds of hops and the total exports were only 16,000,000 pounds, so the exports to England could not have been more than 1,000,000 pounds?

Mr. HORST. The exports?

The CHAIRMAN. Yes, sir.

Mr. HORST. There never have been any exportations to the Netherlands and the data you have before you with reference to shipments to the Netherlands is evidently wrong. The Netherlands are absolutely no factor in the American hop business.

The CHAIRMAN. That is what the government report says.

Mr. HORST. Any report to the effect of America having exported 15,000,000 pounds to the Netherlands or even 100,000 pounds to that

country is a misprint. I do not believe that the Netherlands has imported a total of 500,000 pounds from America in ten years.

Mr. CLARK. Is it a fact that the English hop raisers have been quitting business on the ground that they could not compete with the American hops?

Mr. HORST. That is quite right.

Mr. CLARK. If that is so, then how does it happen that you can compete with them?

Mr. HORST. We do not import from England; England buys American hops. Our competition is with German and Austrian hops in the American market. We can never ship any of our hops into Germany or Austria, because they have a great advantage over us in the cost of production and doubly secure themselves against our shipping into their market by a duty. So we can not ship into their market the surpluses that result in America from Germany and Austria's shipments into America. We ask you to protect us from ruinous importations.

Mr. CLARK. I say, if you are running the Englishman out of the hop field in England, what more do you want?

Mr. HORST. England can not raise the crop on account of climatic conditions, but we are not benefited by running out the Englishman when at the same time the Germans and Austrians run us out. That we are run out is evident from the fact that our crop has dropped from 65,000,000 to 38,000,000 pounds in three years. Up to three years ago our production was larger than our consumption, but now our production is less than our consumption, and our production will continue to decline without your relief.

Mr. CLARK. England has been raising a crop ever since the business began?

Mr. HORST. But sometimes a good crop and sometimes a bad crop.

Mr. CLARK. That applies to every country on the earth.

Mr. HORST. Excepting to this country, where we raise a constant crop.

Mr. CLARK. If it does not apply to this country, then you have the advantage over the other countries in raising hops?

Mr. HORST. We have the advantage in the certainty of raising a crop, but not in the price. England may have a crop on the vines on the 15th day of June, and on the 15th day of August, when we begin to harvest the crop, England may not have any crop at all on account of the pest; consequently England can not stay in the business, whereas in America we are sure of our crop every year.

Mr. CLARK. That gives you a vast advantage over every other hop-raising country on earth?

Mr. HORST. We have the advantage of raising hops over England, but we have not the advantage of raising hops over Germany and Austria. In Germany and Austria the farmers raise their crops as a very small side issue; no farmers raise hops as an exclusive crop, and as a result Germany and Austria raise their hops at practically no cost, while in America the hop farmers raise hops and only hops, and when low prices come along by reason of over-production or over-importation, or both, the farmer that raises hops and only hops is forced out of the business. This is the case in America, while in Europe a farmer raises so few that he is out practically nothing in

the cost of production, and he can not be forced out of the business. This is well illustrated in the last three years; while hops have been low in price the world over the German and Austrian farmers have increased their acreage and production, while the American farmers have decreased their acreage in the same period to the extent of about one-half.

I have heard people talk about the exports and say we must be making money because of the exports. I will tell you, gentlemen, that I have sold hops on the London market at 3 cents per pound within the last week, and hops on which I paid 2 cents per pound freight.

Mr. CRUMPACKER. The price of imported hops is 32 cents a pound; add the duty to that and it would make 44 cents. I understood from the gentleman who preceded you that at the same time American hops were selling at 5 to 6 cents a pound. If the brewers are willing to pay 44 cents a pound for foreign hops instead of paying 5 or 6 cents a pound for American hops, there must be something more than sentiment; there must be money in it or they would not do it. How are we going to exclude the hops even with a 24-cent duty if there is that demand for them?

Mr. HORST. Simply raise the duty to 24 cents. The Government gets the tax and neither the brewer nor any one else will complain; in fact, there is absolutely no complaint from the brewer or from the public against the application for the increase in duty. The price of American hops delivered in New York is to-day from 7 or 8 to 10 cents per pound for Pacific coast hops and about 10 to 13 cents for New York State's, and the price for foreign hops in New York is not as high as you quote in your question, in that it is only about 22 cents per pound, duty paid, at the present time, but the prices fluctuate continually.

The CHAIRMAN. We do not care whether or not he complains. Is there any tangible reason for doubling a duty where we export more of the product than we import and the price laid down in New York is five times as much as the price of the American hops in the market here?

Mr. HORST. If we exported the same product that we imported it would be different, but we are exporting one and importing the other. For instance, the German hops can not go into the English market at the same price as the American hops. If we can get the protection that we have asked for, we can hold the bulk of both our home and export business, otherwise we can not hold either. Right now the conditions of prices are exceptional and the foreign hop sells now at two to three times per pound as much as the American hop, but the difference in price between American and foreign hops might be used theoretically to show that foreign hops would not be imported; but it is not a case of theory, it is a case of reality. We are actually importing enormous quantities of foreign hops, and as far as our exportations exceeding our importations that does not disentitle us to a proper protective duty, because there are no end of products that are exported from America in excess over the imports and such other products are properly protected. Tobacco is a good illustration. We export \$7,500,000 more than we import (fiscal year 1907), yet the average duty is 78 per cent; the range is from 47 to 164 per cent. Wheat, barley, oats, potatoes, onions, starch, horses, cattle, leather,

and plenty other articles might be mentioned. Many of those items have almost enough protection by freight charges alone. The hop industry derives no protection from freight, as the freight on hops from Europe to the consuming markets of America is less than half the cost of freight from the Pacific coast, where the bulk of the American crop is produced.

Furthermore, hops are perishable and are entitled to special consideration on that ground to prevent the foreign surpluses being dumped into our market.

The American hop industry has never abused the advantages of a tariff. There is no combination or trust in hops and no unfair or artificial price conditions have ever existed in the American hop trade.

Mr. FORDNEY. What is the price of hops now?

Mr. HORST. The price of new hops runs from 4 cents, minimum, to 8 cents, maximum, on the Pacific coast. Very few get the maximum price. The bulk are sold at 6 cents. You can get all the old hops you want at 2 cents a pound. New York state hops run now about 10 to 12 cents in New York.

The CHAIRMAN. Old hops are not so valuable; after a year they are of very little value?

Mr. HORST. They are not of much value. When hops are short brewers use them.

The CHAIRMAN. Hops should be used within the year they are raised in order to get the value?

Mr. HORST. Not necessarily. Some English brewers claim that the hops are better a year old than new.

The CHAIRMAN. The price of old hops is very low as compared with the price of new hops?

Mr. HORST. Yes, sir; but when old hops are scarce then old hops bring more money than new hops.

Mr. BOUTELL. Does your brief contain figures as to the cost of labor?

Mr. HORST. No, sir.

Mr. BOUTELL. Who does the hop picking in Washington and Oregon?

Mr. HORST. The whites, with a few Indians.

Mr. BOUTELL. In Oregon and Washington what proportion do the Indians bear to the whites?

Mr. HORST. In Oregon there are no Indians. In Washington the industry has been crowded out and a few whites can pick the entire crop. Washington raised 55,000 bales two years ago and last year only 15,000 bales.

Mr. BOUTELL. I have read some very interesting articles in regard to the Indian camps up there.

Mr. HORST. That was so up to a few years ago. There are now more than enough white people to pick all the hops.

Mr. CRUMPACKER. Do you employ women and children?

Mr. HORST. Yes, sir.

Mr. CLARK. What State do you especially represent, California or Oregon?

Mr. HORST. I represent them both.

Mr. CLARK. What else could you raise on the same ground?

Mr. HORST. We can raise any other crop on the same ground, but the land, representing \$100 per acre, is only a part of the investment, whereas the entire investment, including the buildings, improvement, etc., represents \$500 per acre, and \$400 per acre is the difference between the hop land in bearing and the value of the land itself. That represents a difference of \$400 per acre. Now, we can not raise anything on the improvements that go to make up the value of the hop crop in bearing. It is the improvements that we are pleading for. We have \$400 worth of buildings, improvements, etc., per acre and from our standpoint our improvements are rendered absolutely worthless, and those improvements represent four-fifths of our investment.

Mr. CLARK. You claim that you have in California the best climate in the world?

Mr. HORST. Yes; we claim a little. [Laughter.]

Mr. CLARK. You claim that, don't you?

Mr. HORST. Yes, sir.

Mr. CLARK. And you claim that you have the best soil and the best water system in America. Now, is there anything that grows out of the ground in California without being put through this hot-bed process of high protective tariff? If there is, I would like to know what it is.

Mr. HORST. How is that?

Mr. CLARK. Is there anything that grows out of the ground that you could raise in California without being supported by this hotbed process of a high protective tariff?

Mr. HORST. Yes. We can raise lots of things—anything that we can consume at home, as for example, alfalfa. We do not have to have protection on that in order to raise it at home. If anybody will give me the cost of the improvements, I will raise alfalfa. While you are not protecting us with a sufficient duty on hops you are wiping out four-fifths the value of our land and improvements, the land representing one-fifth and the improvements four-fifths, and the fact that the American hop crops were cut down two-fifths in three years show that we have made out a case.

Mr. CLARK. Does that show that the tariff ought to be placed on corn?

Mr. HORST. There is a duty of 20 cents per bushel on corn. Let me explain. When we raise hops we plant the crop at least two years before the harvesting of the crop, and we have to put up \$400 an acre for the improvements.

The CHAIRMAN. Was there a difference in the acreage between the year 1908, when you produced 38,000,000 pounds, and the year 1907, when you produced 53,000 pounds? The crop per acre did not vary at all, did it?

Mr. HORST. You mean 53,000,000 pounds for the year 1907. The crop per acre did not vary; no, sir.

The CHAIRMAN. On the contrary, does not the hop crop vary a great deal in the production per acre?

Mr. HORST. It does vary some, but we can figure out approximately what our crop will be when the vine comes out of the ground.

The CHAIRMAN. I know. That does not prove your assertion at all. Some years you raise only 500 pounds to the acre, and some years you raise 2,000 to the acre.

Mr. HORST. We are going to raise a short crop next year, because we know we are going to get nothing for our crop.

The CHAIRMAN. What I am trying to get at is that some years you produce 500 pounds to an acre and some years 2,000 pounds.

Mr. HORST. The variation does not run from 500 to 2,000 pounds on the same piece of land.

The CHAIRMAN. If it is not quite so much as that, it will be at least double?

Mr. HORST. Yes; it may be double on the same piece of land. It is not nature in America that makes that difference between a production of 500 pounds per acre and the 2,000 pounds. It is the farmer. When the season comes along and I see I am not going to get anything for my crop, I do not bother with it. I do not put the expense on the crop. We stint ourselves to see if we can raise our crop for the least possible amount of money. For the past three years it would have paid us better, even after the crop was grown, to have left it unpicked.

Mr. UNDERWOOD. What do you use hops for besides making beer?

Mr. HORST. They use 99½ per cent for making beer and one-half per cent for poultices and yeast.

Mr. UNDERWOOD. The depression in hops has occurred in the last two years?

Mr. HORST. In the last three years.

Mr. UNDERWOOD. In that time has there not been a great reduction in the production of beer in this country?

Mr. HORST. No, sir. The maximum beer production in the United States has been 60,100,000 barrels, and this year it is 57,000,000 barrels. It is simply 3,000,000 barrels short of the maximum and three times what it was twenty years ago.

Mr. UNDERWOOD. If the revenues have fallen off \$60,000,000 a year in alcoholic and malt liquors, would not that have an effect on the consumption of hops?

Mr. HORST. I can tell you about beer, but I can not answer as to alcohol.

Mr. UNDERWOOD. How much has the revenue fallen off on beer?

Mr. HORST. \$3,000,000 with reference to last year and nothing with reference to two years ago, the year before that.

Mr. UNDERWOOD. Is it not a fact that both on account of panic times and on account of the large number of States in the southern territory going into the prohibition column the consumption of beer has greatly diminished?

Mr. HORST. It has diminished with reference to last year, but it has increased to more than it was three years ago. My figures are for three years, and they show that the reduction of beer has been only in the last year, and the beer sales to-day are bigger than they were last year at the same month. The October sales are bigger this year than they were last year. The thing is on the increase again.

Mr. UNDERWOOD. Do you mean to say that the panic conditions in the country and the large number of States becoming prohibition States have not decreased the amount of beer sold in this country at all?

Mr. HORST. I have given you the exact figures. The things you mention have affected the situation to an insignificant extent. The hop grower does not worry about the prohibition end of it.

Mr. UNDERWOOD. Then, as the importations of hops in this country have fallen off, the fact that the importation of hops was something like 9,500,000 pounds in 1906 and fell over 5,500,000 pounds in 1907, did not that ruin the condition of your trade?

Mr. HORST. No, sir; the importations for the fiscal years 1906, 1907, and 1908 were 10,000,000, 6,200,000, and 8,500,000 pounds, respectively. We get the low price until we get rid of the surplus. The only way to get rid of the surplus is by plowing it up or reducing the importations.

Mr. UNDERWOOD. Then you think there is nothing that will do your business any good except establishing a prohibitive tariff?

Mr. HORST. No. Twenty-four cents will not be a prohibitive tariff. Some will still come in.

Mr. UNDERWOOD. How much would be a prohibitive tariff?

Mr. HORST. Twenty-four cents would bring us back to the old rate of importation, to 3,000,000 pounds per year, and that we could stand. We have had that for ten years, up to the present stage of low prices. We can stand that, but we do not want to see importations running as they do now, averaging 8,300,000 pounds per year. That crowds us out.

Mr. UNDERWOOD. It has only been one year above 8,000,000 pounds. It has never gone beyond 5,000,000 pounds except that one year?

Mr. HORST. It was more than 5,000,000 pounds in each of the last three years. The imports during this time being 10,100,000, 6,200,000, and 8,500,000 pounds, respectively. It was 8,500,000 pounds last year; that is, the fiscal year 1908.

Mr. BOUTELL. What attempt has been made in this country to raise hops that would take the place of foreign hops?

Mr. HORST. The Government has been giving us assistance in that regard, but we can not afford to go to any considerable expense in following out their suggestions in the present condition of low prices.

Mr. BOUTELL. What would you say, as an expert hop grower, as to our replacing the foreign hops altogether in quality?

Mr. HORST. We can replace them entirely in quality. The chemical analysis of the American and foreign hops will show that our hops will exactly displace the foreign hops. The objection now to the American hops is that it has seeds. We can eliminate the seeds by simply cutting out the male plants, but if we do that we would double the cost of our production, because we would get only half as much from the ground when the hops were without seed as when with seed. We can raise hops without seed by doubling our cost of production.

The CHAIRMAN. If that is all, we will call the next witness.

Mr. CLARK. Wait a moment. We want to get some information out of this man. I want to ask you if these figures do not prove absolutely that the tariff has nothing in the world to do with the amount and quality of hops imported? When the duty was 8 cents there was imported, in 1895, 3,024,067 pounds, and the next year, 1896, 2,736,756 pounds, and the year after that, 1897, 2,993,814 pounds. When the 12-cent rate was put on there was imported, in 1898, 2,317,685 pounds, and in 1899, 1,334,056 pounds, and so on down to 1905, when there was imported 4,321,491 pounds, and in 1906, 9,630,206 pounds, and in 1907, 5,733,386 pounds. There are more hops imported under the 12-cent tariff than were imported under the 8-cent tariff.

Mr. HORST. Germany and Austria use America as a dumping ground, and if they can get anything for their hops at all they will dump them on us here; 12 cents duty does not prevent them dumping.

Mr. CLARK. How is it that they have more overproduction under a high tariff than under the lower tariff?

Mr. HORST. Germany and Austria export half of the hops they produce, and most of their exports come to this country, and it is to protect ourselves from these foreign imports that we are asking the old rate of duty. We want to keep ourselves protected from those foreign imports.

I will file with the secretary a letter from the Bureau of Statistics confirming the statistics I have submitted to you.

EXHIBIT A.

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF STATISTICS,
Washington, D. C., November 24, 1908.

DEAR SIR: In compliance with your recent request, I take pleasure in sending you herewith statistics relating to hops, which have been collected from data in the library of this bureau.

Yours, truly,

(Signed)

NAT. C. MURRAY,
Acting Chief of Bureau.

Mr. E. CLEMENS HORST,
San Francisco, Cal.

Statistics concerning hops.

Years beginning July 1—	Production in United States.	Production in United Kingdom.	Production in Germany and Austria combined.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
1900-1904		45,062,528	64,534,577
1905	a 50,760,000	77,945,616	103,805,729
1906	a 63,576,000	27,517,056	61,395,857
1907	a 51,570,000	41,902,448	83,230,435
1908	a b 43,200,000	52,725,000	a 97,888,000

	United States imports.	Exports, domestic.	Consumed by brewers.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
1900-1904	c 9,059,694	d 13,845,628	d 38,651,586
1905	c 10,113,989	d 13,026,904	d 41,620,171
1906	c 6,211,893	d 16,809,534	d 44,294,839
1907	c 8,493,265	d 22,920,480	d 42,988,257

a American Agriculturist.

b Notation by E. C. Horst. The American Agriculturist has overestimated the American hop crop of 1908. The American hop crop of 1908 is 210,000 bales, weighing net 180 pounds per bale equals 37,800,000 pounds.

c Bureau of Statistics, Department of Commerce and Labor.

d Crop Reporter; figures compiled from records of Commissioner of Internal Revenue.

**STATEMENT FROM BUREAU OF PLANT INDUSTRY, DEPARTMENT
OF AGRICULTURE, RELATIVE TO AMOUNT OF HOPS USED IN
MAKING A BARREL OF BEER.**

THURSDAY, *November 19, 1908.*

The CHAIRMAN. I have here a statement from the Chief of the Bureau of Plant Industry in the Agricultural Department, which I will read:

"The amount of hops used in making a barrel of beer varies in accordance with the personal habits of the brewer. Some brewers state that one-half pound of German hops will go as far as 1½ pounds of American hops. Other brewers, on the other hand, deny this and claim that the American hops are equal in value to the German hops. The question of the relation of hop to beer seems to be largely a psychological one, and one that can not be represented in terms of exactness."

This is from Rodney H. True, of the Bureau of Plant Industry.

**DURST BROTHERS, OF WHEATLAND, CAL., SUBMIT BRIEF ASKING
AN INCREASE OF THE DUTY NOW PLACED ON HOPS.**

WHEATLAND, CAL., *November 13, 1908.*

HON. SERENO PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: At the end of the 1905 hop season Pacific coast hop growers sent you a petition relating to the import duty levied on bagging for hops. Nothing was done at that time to relieve the hop-growing industry, and now, only three years later, the hop growers are sending a committee of its members to appeal for an increase in the import duty to be levied on hops, in order to prevent the conditions which have and are now decreasing the production of hops in the United States to such an extent that unless a higher protective duty is put on this article the industry is in a fair way to be wiped out.

We (Durst Brothers) are among the heaviest hop growers in the United States. In 1906 our crop was 8,000 bales; in 1907 it was 5,200 bales. This year we produced 4,800 bales, and if something is not done to prevent our markets being smothered by pauper-labor grown hops of the Continent our crop for 1909 will be still further reduced. In fact, it looks as if our business is in a fair way to be ruined.

During the last three years our losses have amounted to over \$100,000. There is no relief in sight unless we can be protected from the continental hops.

It requires from \$100,000 to \$130,000 per annum to produce our crop. In former years our business paid 8 per cent on nearly \$1,000,000 valuation, and we could have sold out for from one-half to three-quarters of a million dollars. Now we could hardly sell for one-third so much.

We pay over \$7,000 per year in taxes. We have grown hops for over twenty years. We have invested one-half more in plant and improvement of soil, etc., than we could sell for.

We think that, being so heavily interested, and with financial ruin staring us—in common with all American hop growers—in the face, we are sure of a hearing before your honorable committee. The hop-growing industry is one of the most important agricultural pursuits in the United States (1) because it distributes a larger proportion than any other crop grown of the cost of production; (2) because over 60 per cent of the cost of production goes for labor that is done by women, children, old people, cripples, and people who have no other means of earning ready money; (3) it is an industry which draws the families from the confinement and unsanitary conditions of city life to the country, with its hygienic surroundings, for an annual vacation which adds vitality to the whole family and provides money for the food and clothes for the winter season. Any industry which helps to build up the physique of the people, which gives pure air and rural surroundings annually to some 75,000 people on this coast alone, should be worth preserving.

Hop picking is the only agricultural pursuit in which the American laborers have been able to hold their own against the inroads of the Asiatics on this coast.

The present deplorable state of the hop-growing industry is due almost entirely to the heavy importations of foreign hops.

The imports of hops into the United States in year 1898 to 1899 were only 1,319,300 pounds, as against 18,600,000 pounds for the last two years. This is an increase of sevenfold in ten years. If the increase in imports continue at the same rate for another few years, we will have no hop growing in the United States. The conditions are critical at this very moment, as is shown by the falling off in production during the last three years. In 1906 we grew in the United States 65,300,000 pounds; in 1907, 53,600,000 pounds; and in 1908 we grew only 38,800,000 pounds of hops.

The production of hops in the United States has fallen off nearly 40 per cent during the last three years.

During the last three years the farmer has received for his crop on an average of at least 20 per cent less than his hops cost to produce. Forty per cent reduction in production and 20 per cent annual loss for three years in succession means absolute ruin to the hop-growing industry unless some protective measures are inaugurated at once.

We have to-day in the United States a surplus of some 40,000 bales of domestic hops. During the last two years we have imported 18,600,000 pounds of foreign hops, or about 100,000 American bales. Brewers get double the "duty" from foreign hops that they do from domestic hops. These 100,000 bales of hops imported have, therefore, displaced 250,000 bales of domestic hops during the last two years.

We do not need to look any further for the cause of the depression in the hop-growing industry. Unless the duty is doubled we can not continue growing hops in this country. Labor is at least three times better paid here than in Europe. Ninety per cent of the cost of growing hops is expended for labor. It actually costs nearly three times as much to grow hops here as it does on the Continent, where

in most places the entire labor of growing the few hundredweights of hops each family produces is done by the family.

These continental hop growers have no expensive plant, no skilled labor to employ, no foreign materials to import and pay duty on. Their only equipment is the few poles for the hops to run on, their garden tools, and baskets to pick their hops in. These hops are sun dried. Compare this with our Pacific coast yards, with trellis for the hops costing \$100 per acre, drying equipment costing nearly as much more, and an annual cash outlay of \$150 to \$200 per year, mainly expended for labor, with the meager equipment of the continental grower, who actually, in most cases, does not pay out one dollar per acre in growing or harvesting his crop. The reason these hops cost these people next to nothing is that, as has been done this season, they pick the entire crop even after it has rotted on the poles from bad weather.

This was done this season, and on the Continent are thousands of centals of 1908 hops which are offered on a basis of 1 to 2 cents per pound. Any reputable dealer will verify these facts.

If it cost 5 cents per pound to pick and harvest these continental hops like it does in America, they never could afford to pick such "rubbish," as it is denominated by dealers. As our growers must pay American wages to American labor, and must pay for all materials used on a basis of American production, it is not strange that our hops cost us three to four times as much to produce as the German hops cost. And, to make matters still worse, when the German hops are imported here the brewers "squeeze the pot" and make them do two and one-half or three times the duty of American hops; that is, our hops cost three times as much and do only half the duty of the foreign hops. We American growers are thus handicapped six to one.

Is it not evident to your honorable committee that even with an import duty of 24 cents per pound the American hop grower has all he can do to compete in the home market with the foreign producer?

We have held our own so far only because of the fertility of our virgin soil. The center of production has moved from New York to the Pacific coast.

In 1880 New York State produced 21,628,000 pounds of hops, as against only 2,398,000 pounds for the Pacific coast, or nine times as much.

In 1906 the Pacific coast produced 300,000 bales, against 50,000 for New York, or six times as much as New York. New York is going out of hop growing because she can not compete with pauper-grown and pauper-harvested hops. Three years ago Washington grew 50,000 bales of hops. This year she grew 15,000 bales. She is going out of hop growing for the same reason as New York.

Three years ago Oregon grew 170,000 bales. This year she grew (estimated) 85,000 bales. It seems as if Oregon could not compete with the continental pauper labor grown article.

In 1906 California grew 110,000 bales; this year, only 65,000, nearly 40 per cent reduction in two years.

The hop growers of the Pacific coast have some \$20,000,000 invested in the business. The "allied trades" have as much more at stake. They pay out from four to five millions annually, mostly for labor,

to people who are physically unfit to earn money otherwise. The industry brings health and food to some 75,000 people annually on this coast. We are being choked by the importation of foreign pauper labor grown hops.

These hops are totally unnecessary. We grow the finest hops in the world. The use of foreign hops is a luxury, and should be taxed as a luxury, particularly as it is killing the hop-growing industry here.

If we have a duty of not less than 24 cents per pound on importation of foreign hops, hop growing in the United States will gradually recover.

If we do not have at least 24 cents per pound duty it looks as if the decline in hop growing must continue. It is un-American to allow an American industry to be throttled by pauper-made imported goods. We American hop growers and all those dependent upon us look to the next Congress for relief.

We bespeak for our representatives a cordial hearing before your Committee on Ways and Means. We earnestly pray you to accord us the relief necessary if even for only a few years, until our industry can be gotten on a solvent basis.

We ask you to recommend action to protect American capital and American labor against the influx of pauper labor grown hops, which is even now ruining our industry. We ask you to give us ample and speedy relief.

Respectfully submitted.

DURST BROS.,
Per M. H. DURST.

**DURST BROTHERS, OF WHEATLAND, CAL., HOP GROWERS, FILE
STATEMENT OF WAGES PAID LABORERS IN ENGLAND.**

WHEATLAND, CAL., *December 7, 1908.*

HON. SERENO PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Re increased duty on hops and my communication to you of November 13, as bearing on the wages question, I inclose herewith pages 545 and 546 and 561 and 562 of Mark Lane Express (London) of November 16 issue, giving notices of the semiannual hirings of farm servants in England at Stockton, Pearrith, and Darlington.

These are fair samples of wages realized all over England, and are worth your knowing.

The wages per annum paid at these hirings were:

Foremen	£27-£30
Plow youths	12- 17
Women, experienced	11- 12
Women, other	8- 10

That is, for foremen, \$135 to \$150 per year; plow youths, \$60 to \$85; women, \$40 to \$60.

Compare this with our wages here: Men, \$350 to \$700 per year; foremen, \$700 to \$1,800 per year. Their piecers get only from 25 to 75 cents per day. Ours make from \$1 to \$5 per day.

We pay three times as much for labor wages as in England, and four to five times as much as is paid in hop gardens of Germany.

Our outlay runs up each season to \$200 to \$250 per acre. Ninety per cent of this is for labor. We have over \$300 per acre invested in improvements and which would be useless if we discontinue growing hops.

There is no overproduction. In 1907 and 1908 we have grown less than our home consumption demands. But the 70,000 to 80,000 bales German hops imported took the place of 150,000 bales home-grown hops.

If there is any occasion for taxing luxuries, now is the time to put 24 cents a pound duty on foreign hops. It means life or death to hop growing on this coast. The hop-growing industry in New York State is already doomed.

Twelve cents per pound extra duty would mean not over one-tenth of a cent extra cost per gallon, of beer where imported hops were used, and not one-hundredth of a cent per glass on the beer cost.

Hop growers of this coast are on the verge of bankruptcy. We think if we had a 28-cent-per-pound duty on imported hops it would save the industry.

The injury of such a duty to American consumers would be infinitesimal. To the American hop grower it means financial salvation.

If you want to rescue the hop-growing industry, give us the 24 cents duty.

Respectfully,

DURST BROS.,
By M. H. DURST.

EXHIBIT A.

[From Mark Lane Express Agricultural Journal and Live Stock Record, London, England, Monday, November 16, 1908.]

There was good supply of servants at Stockton hirings on Wednesday. Boys in their first year were engaged at £8 per annum, plowmen from £20 to £30, and foremen at an average of £27. Girls received 2s. 6d. to 5s. per week, and women £17 a year.

At Penrith hirings on Tuesday there were more servants than employers. The feature of the hiring was the reduction in wages obtained by all classes of females, being 10s. to £1 less than for several years past. The following were the ruling prices: Headmen, £14 10s. to £17; second men, £13 to £15; youths, £9 10s. to £11; lads, £6 10s.; best women, £11 10s. to £14; second women, £8 10s. to £11; and girls, £6 to £9.

Carlisle Martinmas hirings took place on the 7th instant and were largely attended by all classes of farm servants except the best men, and women and girls, who were scarce. The best and most experienced men obtained places at £15 to £17 for the half year ending Whitsuntide next; second men, £11 to £14; strong lads, about £10; and younger lads, according to experience, from £6 and £7 to £9. Experienced women were hired at £11 to £12, and more in exceptional cases; second women, £9 to £10; and girls, from £6 to £8.

At the annual November hirings at Darlington there was a small attendance of servants, most of the engagements having taken place previously. Wages were about the same as last year. Foremen received from £27 to £30; second class, £22 to £25; plow youths, £12 to £17; and young lads, £7 to £9 for the year, or proportionate where half-year's hirings were made. Female servants scarce.

It is reported that Mr. Sanday, of Huddington Hall, Wirral, Cheshire, recently lost 25 of his milking cows from a serious disease of the udder. The ailment spread to a neighboring farm, where 5 cows died. At the meeting of the Cheshire County council recently, the chief constable reported that the chief veterinary inspector for the County had visited the affected farms and had decided that the disease was contagious. It was conveyed by the hands of milkers in most cases from one cow to another, and was a somewhat uncommon affliction.

**STATEMENT OF HON. DUNCAN E. M'KINLAY, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA, RELATIVE
TO THE HOP INDUSTRY.**

SATURDAY, *December 19, 1908.*

(The witness was duly sworn by the chairman.)

Mr. McKINLAY. I simply want to supplement the testimony given by Mr. Woodward, of California, representing the California hop growers. I received a communication from Mr. Woodward the other day, and he writes that in considering the question of an increased duty on foreign hops there has been one phase of that that has not been presented to the committee, and that is the question of additional revenue for the support and maintenance of the Government. He writes:

I respectfully submit that the question of an increase of duty from 12 cents to 24 cents per pound will in a small measure assist in increasing the revenue required. This increase will not eliminate the importation of hops grown in Germany or Austria altogether, but in the judgment of those best able to give an opinion upon the matter will not reduce that importation over 50 per cent. Therefore the revenue from the 50 per cent will amount to as much as the present revenue derived from the present importations, and afford some protection to the growers who are now seriously distressed. No one is objecting to the increase proposed and the hop growers submit that this increase in duty is one of the few that can be made by your honorable body without injury to anyone or objection by anyone, and at the same time furnish as much revenue to the Government as it does at present, if not more, and afford protection to the American hop growers.

He wished me to supplement what he said by presenting that to the committee.

**REPRESENTATIVES OF HOP IMPORTERS THINK THAT THE DUTY
ON HOPS SHOULD BE REDUCED AND NOT INCREASED.**

WASHINGTON, *January 4, 1909.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: The undersigned, importers of foreign hops and dealers in and exporters of American hops, present this protest against any increase in the duty on imported hops, which is now 12 cents per pound specific.

Prior to the civil war the duty on hops was 5 cents per pound. It was increased to 8 cents as a war tax, and remained at this figure a great many years. The present rate was imposed under the Dingley bill, and on the basis of the average cost of production in the United States constitutes a protective measure at the rate of 125 per cent.

The three Pacific Coast States produce four-fifths of the crops of the United States, and in these States the cost of production does not exceed 9 cents per pound.

In New York State, which produces only one-fifth of the crop, the cost is estimated at 12 cents per pound.

The present low selling price of American hops is caused entirely by overproduction, and is in part due to the increase in the tariff under the Dingley bill, which encouraged the American growers to believe that they needed protection, and that because of this protection the business would stand indefinite expansion. At the present

time our annual production is largely in excess of our consumption, and the price of American hops is determined by the available price which is obtained for our surplus in England.

In this connection it should be stated that on the London market American hops enter into free competition with the German hops, and usually sell there on a parity with them.

The great fluctuation in the price of hops depends entirely upon the supply and demand in respective years, and particularly upon the conditions of the foreign crops and the consequent extent of the demand for American hops in the English markets.

For example, in 1902-3 and 1904, hops on the Pacific coast brought 20 to 30 cents net to the farmer, whereas during the past three years the prices ranged from 7 to 14 cents. The duty has been the same during this entire period.

The foreign hops which are brought into this country are used for special flavoring purposes, and while it is true that they displace a certain quantity of American hops, they do not really enter into competition with them.

The annexed table of imports and exports during the past ten years shows that the export of American hops from the United States is $3\frac{1}{2}$ times the volume of our imports.

The existing conditions can not be remedied by an imposition of a higher tax, and it would be a calamity to encourage American growers with any false hopes at this critical time; in fact, if any change is to be made it should be along the line of a reduction in the tariff rather than the imposition of a higher rate.

ELZAS & PRITZ,
Cincinnati, Ohio.
 THE HERMAN GOEPPER CO.,
 J. H. FEEMSTER, *Secretary,*
Cincinnati, Ohio.
 CHAS. KOSS BROS. CO.,
Milwaukee, Wis.
 CARL ULLMAN & Co.,
New York City.
 And 25 others.

EXHIBIT A.

Import of foreign hops and export of domestic hops for the last ten years.

Years.	Imports of foreign hops.	Exports of domestic hops.
	<i>Pounds.</i>	<i>Pounds.</i>
1898	2,375,922	17,161,669
1899	1,319,319	21,145,512
1900	2,589,725	12,639,474
1901	2,606,708	14,963,676
1902	2,805,293	10,715,151
1903	6,012,510	7,794,705
1904	2,758,163	10,985,988
1905	4,339,379	14,858,612
1906	10,113,989	13,026,904
1907	6,211,893	16,809,534
Total	41,112,901	140,101,225

HOP EXTRACT AND LUPULIN.

[Paragraph 248.]

HOP GROWERS OF THE PACIFIC COAST REQUEST A CHANGE IN THE DUTY ON HOP EXTRACT AND LUPULIN.SAN FRANCISCO, *November 28, 1908.*

CHAIRMAN AND MEMBERS,

Ways and Means Committee, Washington, D. C.

GENTLEMEN: We, the undersigned growers of hops, for ourselves and for the hop growers of the Pacific coast, request change in duty on above articles.

Hop extract and lupuline are imported from Europe. They are imported for practically no other purpose than in substitution of hops. The importations of these articles promise to be heavy. Both articles are made of hops. The hop extract is, as shown by the name, extract of the hop, while lupuline is the pollen of the hop and is the essence of its brewing value.

One pound hop extract is considered by the hop-growing and brewing trade to be equal in value to $12\frac{1}{2}$ pounds hops, and we ask that the duty on hop extract be made at a rate per pound equal to twelve and one-half times the duty on hops.

One pound lupuline is considered by the hop-growing and brewing trade to be equal in value to 15 pounds hops, and we ask that the duty on lupuline be made at a rate per pound equal to fifteen times the rate per pound on hops.

There is no reason why hop extract and lupuline should not pay a duty equivalent to the duty on the quantity of hops from which they are made and equivalent to the duty on the hops which they displace.

The United States Department of Agriculture has made an exhaustive study on hops during the past five years, and no doubt will confirm our statement herein as to the quantity of hops displaced by one pound hop extract or lupuline, and you are requested to change the duty on hop extract and lupuline accordingly.

Yours, faithfully,

HERMAN KLABER, of Portland, Oreg., Representing the
Hop Growers of Oregon and Washington; E. C.
HORST, of 215 Pine street, San Francisco, Cal., Rep-
resenting the Hop Growers of California.

BULBS AND BULBOUS ROOTS.

[Paragraph 251.]

T. J. OUTERBRIDGE, REPRESENTING HENRY & LEE, OF NEW YORK, ASKS RETENTION OF PRESENT DUTY OR AN INCREASE OF THE DUTY ON BULBS AND BULBOUS ROOTS.THURSDAY, *November 19, 1908.*

Mr. OUTERBRIDGE. Mr. Chairman, and members of the committee, I will not take very long.

Appearing before you in behalf of the gentlemen I represent, I shall, as briefly as possible, draw your attention to section 251 of

Schedule G, relative to tariff revision, as touching all classes of bulbs and bulbous roots, which are cultivated for their flowers, whether imported from Japan, China, Bermuda, France, Holland, or Germany, which are the principal markets of production, and from which sources of supply are derived the majority of bulbs that now enter the United States for consumption and for the production of vases or flowers for decorative purposes.

First. Lily bulbs and their product may be correctly termed as an article of luxury to a greater or lesser degree, and as such, in our opinion, should pay a duty of from 25 to 30 per cent ad valorem, which amount enters to such a small degree in the price of the flowers to the consumer as to be hardly noticeable.

Second. The business in lily bulbs is largely done by solicitation of orders from seedsmen and florists for a period of the first six months of the year, or from January to June, at which time advance orders are booked and orders placed abroad for the supply, which is imported into the United States and entered for consumption from about June to December.

Third. With a protective tariff of 25 to 30 per cent it is our opinion that the interests of the people engaged in this trade are better protected, inasmuch as such a duty will serve as a means of protecting the importers and the purchasers of the bulbs, and the florists who force the bulbs into bloom, from the likelihood of detrimental consignments of cheap and inferior bulbs being thrown upon this market, at or near the close of the season, and so interfere with the sale of the higher qualities brought into the country under advance import orders.

We therefore respectfully request that the committee either retain the present tariff of 25 per cent ad valorem on all grades and varieties of lily bulbs, or if there is to be any change in the tariff that the rate be increased to a 30 per cent ad valorem rate, as is at present assessed on all agricultural and garden seeds.

The CHAIRMAN. Do you know how much the domestic production is?

Mr. OUTERBRIDGE. The domestic production of bulbs? There are none of these raised in the United States.

The CHAIRMAN. In dollars.

Mr. OUTERBRIDGE. I can not tell you.

The CHAIRMAN. Do you know the figures according to the census?

Mr. OUTERBRIDGE. No; I am not prepared to state that.

The CHAIRMAN. Do you ask for an increase of the duty?

Mr. OUTERBRIDGE. A continuance of the present duty at any rate. The reason for that is to prevent the sending into this country of the residuum of this stock, any sort of stock coming in.

The CHAIRMAN. Is not this paragraph more than protective on some of the articles?

Mr. OUTERBRIDGE. On what?

The CHAIRMAN. Is not this duty higher than the protective rate on some of the articles imported here?

Mr. OUTERBRIDGE. It may be higher than some, but the idea of the tariff on this is to keep out of the country the goods that are not salable, not true to name, mixed in any sort—those they can not sell abroad they will send in here if the duty is lower. That is the reason for asking a continuance of the duty.

Mr. CLARK. You do not mean to say that none of these things named in section 251 are produced in the United States, do you?

Mr. OUTERBRIDGE. No, sir. I had reference to the bulbs imported from the places named. The bulbs imported from Japan are *Longiflorum*, *Auratum*, *Speciosum*; those imported from Bermuda are the *Harrisii* and *Longiflorum*; those imported from Holland are lilies and different varieties of hyacinths, tulips, and narcissus. From France there is imported Roman hyacinths and narcissus, from Germany lily of the valley, and from China Chinese narcissus. They are things that are produced solely in those places for bulb purposes. Here we produce them to produce the flowers.

Mr. DALZELL. What is it you are asking an increase on?

Mr. OUTERBRIDGE. We are asking for a continuation of the duty, and if you wish to raise it to 30 per cent, 5 per cent more——

Mr. DALZELL. On all the articles?

Mr. OUTERBRIDGE. Oh, no, sir; only on these bulbs and bulbous roots.

Mr. DALZELL. This covers orchids and azalias and hyacinths. You do not ask for an increase in duty on those?

Mr. OUTERBRIDGE. The increase is asked on plants coming from the places named.

Mr. CLARK. Congress can not pass a law simply putting a duty on articles coming from certain countries.

Mr. OUTERBRIDGE. Probably I did not express myself very plainly.

Mr. DALZELL. I understand now that all you are asking for is an increase on bulbs and bulbous roots that come from certain places, and the character of those bulbs and roots would indicate the place they come from. Is that your position?

Mr. OUTERBRIDGE. That is correct, sir.

The CHAIRMAN. Is that what you are asking an increase on, or is it on rose plants also?

Mr. OUTERBRIDGE. On the bulbs and the bulbous roots.

Mr. FORDNEY. Have you a list of the bulbs that you want an increase of duty on?

Mr. OUTERBRIDGE. Yes; I have stated that.

[Mr. Outerbridge appeared in behalf of the following firms: Henry Lee, 97 Water street, New York; Yokohama Nursery Company, 31 Barclay street, New York; Ralph M. Ward & Co., 12 West Broadway, New York, per Ward; Charles F. Meyer, 99 Warren street, New York; H. H. Berger & Co., 70 Warren street, New York; Stumpp & Walter Company, 50 Barclay street.]

HON. S. W. McCALL, M. C., SUBMITS LETTER OF W. J. HARRIS, CAMBRIDGE, MASS., RELATIVE TO DUTY ON BULBS.

CAMBRIDGE, *November 15, 1908.*

DEAR MR. McCALL: I understand that the hearing before the Ways and Means Committee on proposed tariff revision takes up the subject of agricultural and similar products on November 18. I am very much interested on the subject of bulbs, on which there is now a duty of 25 per cent. I remember a conversation we had at Dean Hurlbut's on the evening when you spoke at the meeting for the award

of academic distinctions. You were good enough to promise your interest when revision appeared likely.

The duty of 25 per cent was probably imposed to protect an effort started some years ago to grow commercially for propagation in this country some of the Dutch bulbs, such as tulips. The attempt, as far as I can learn after diligent search, has been a complete failure; at any rate no American-grown tulips can be found. I imagine the reason is one of soil, for, except in the case of a few kinds of bulbs, the Dutch supply the world.

Now, this duty has a very bad effect. You have doubtless noticed the great increase in interest in horticulture in this country in recent years. It has shown itself principally among people of very moderate means, and very noticeably among the poor. This has been evident in very marked ways among the competitions for prizes among the poor in the very sections of our cities where you would think the gardening instinct would have least chance. Now, while my business is teaching Greek in Harvard College, I have paid a great deal of attention to things having to do with gardens, and I am very thoroughly convinced that a love for a garden is one of the most ennobling influences, and that the possibility of cultivating one brings a beauty and enjoyment otherwise absent from many lives. Bulbs are a great part of the garden; so if an unnecessary duty can be abolished a good work will be accomplished. The present blanket rate should surely in justice be altered. Tulips and hyacinths should certainly be free, as well as many others; no one would object to a duty to protect the fine lilies grown on the Pacific slope, but the needs of a few should not force a high duty on many in cases where no protection is needed.

You will probably hear that a duty is needed to keep the Dutch growers from "dumping" their refuse on our markets. The answer is that with our present duty our markets are deluged with the scourgings and leavings of Holland, because really first-class goods are made so expensive by transport and duty that only the well-to-do can afford them; the second-class bulbs, or poorer, are largely used here; even they are at present a good deal of a luxury except to the wealthy.

I beg your benevolent aid in the case of a duty which is practically of no protective value and is certainly a hardship.

Very truly, yours,

W. J. HARRIS.

BULBS AND NURSERY STOCK.

[Paragraphs 251 and 252.]

WILLIAM PITKIN, OF ROCHESTER, N. Y., REPRESENTING THE AMERICAN ASSOCIATION OF NURSERYMEN, SUGGESTS A NEW CLASSIFICATION FOR BULBS AND PLANTS.

THURSDAY, *November 19, 1908.*

MR. PITKIN. Mr. Chairman and gentlemen, appreciating your desire to economize time, we have left out of our statement figures in detail applying to costs, valuation, and volume of imports, trusting that we might be permitted to present a brief in which that information in detail will be given.

The CHAIRMAN. It can be printed at any time before the 4th of December.

Mr. PITKIN. If that is the case, I can say you can ring the bell on me in twelve minutes.

The committee for which I am speaking represents the American Association of Nurserymen, which embraces in its membership the nursery interests of the entire country.

Under the present tariff schedule nurserymen are interested in sections Nos. 251 and 252. Section 251 covers certain specified items of plants and Dutch bulbs at 25 per cent ad valorem duty. We ask that the following items be placed in the free list, for the reason that they are not propagated in this country and we must depend on foreign countries for our supply, viz: Rhododendrons, azaleas, tulips, crocus, hyacinth, narcissi, jonquils, lilies, lily of the valley.

Section 252 provides for a mixed ad valorem and specific duty on certain fruit-tree and evergreen seedlings, for a specific duty on rose plants, and for an ad valorem duty on items not specially provided for.

For the purpose of our argument, we wish to divide this section into three paragraphs, to be considered separately, and to ask for the insertion or addition of a new paragraph removing certain items from the class "not specially provided for," and establishing a specific duty on such items.

(a) We ask that the schedule be changed on the items of fruit and evergreen seedlings, to provide for a straight specific duty instead of the present mixed specific and ad valorem rate; that the evergreen seedlings, as well as fruit-tree seedlings, be covered by the qualification of "three years old or less."

We ask that the duty of myrobalan, mahaleb, and mazzard seedlings be \$1 per thousand plants instead of, as at present, 50 cents per thousand plants and 15 per cent ad valorem; and on pear, apple, quince, and St. Julien plum, \$2 per thousand plants instead of, as at present, \$1 per thousand plants and 15 per cent ad valorem.

By reference to the quotations in the catalogues of French nurserymen from the three principal French nursery sections, we find that the proposed change means practically no difference in the actual dollars of duties paid, but simply a change in form. For details of valuations and costs supporting this argument we will refer to our brief to be filed with your committee.

Now, for the reasons we are asking this change:

These seedlings are principally grown in France. They are a one-year crop, like corn and potatoes, affected by weather and climatic conditions, and therefore subject to quick and violent fluctuations in prices. At least 85 per cent of the quantities imported are contracted for from three to nine months in advance of the actual delivery in January and February, at which time the seedlings are dormant and in proper condition for shipment.

Under the tariff law the market value at port of export at time of export must govern the value on which duty is paid; and in this case this market value is controlled by the 10 or 15 per cent of the crop which may be unsold at the beginning of the shipping season. If the demand is heavy or the crop short by reason of a poor growing season, the prices go up. If, on the contrary, a favorable season has produced a surplus, the prices go down. In other words, it is not a

stable, steady market. Therefore it is difficult for the nurseryman, who is the importer and who has bought early in the season, to arrive at a correct valuation for the purpose of his custom-house entry.

If he guesses too low and his valuations are below those fixed by the Board of General Appraisers, to whose schedule he does not have access, he becomes subject to heavy penalties and fines, although his valuations may be according to his best judgment and much higher than his actual purchase prices.

If valuations at time of export are lower than his costs, he receives no benefit, as his entry must then be made at the higher or cost price.

The present schedule means instability and fluctuations in cost to the nurseryman. The suggested change means stability and practically no change in the actual dollars of duty paid.

As nurserymen must wait three, four, five, or more years after planting before maturing and disposing of their crops, it will be conceded that stability in this matter is vitally important. A specific duty will also tend to lessen the importation and planting of seedlings of inferior size and quality, which in most nursery sections of the United States will not produce strong, healthy, vigorous trees, and against which the present ad valorem rate counts for nothing, and which, if met with a specific duty, would be forced to find a market in other countries.

Previous to the passage of the present tariff law very few of these fruit-tree seedlings were grown in this country. To-day at least 90 per cent of all the apple seedlings planted are grown here, with smaller proportions of the other items.

(b) On rose plants, budded, grafted, or grown on their own roots, the present rate of duty is $2\frac{1}{2}$ cents each. We ask that this rate be increased to 4 cents each.

For the reasons: When the present tariff act was passed nurserymen were paying for labor from \$1 to \$1.50 per day of ten hours. We are now paying from \$1.50 to \$2 per day for the same labor.

In France and Holland, from whence roses and other finished nursery stock are principally imported, there has been no material increase in wages during the past ten years. Their average price for nursery labor better skilled than ours is 40 cents to 60 cents per day of eleven hours for men and from 30 cents to 50 cents per day for women, as against \$1.50 to \$2 for ten hours' work in the nurseries of the United States.

When it is realized that a large proportion of the cost of a rose plant is labor it will be conceded that 4 cents gives us but little more protection than $2\frac{1}{2}$ cents when the present tariff bill was passed.

The soil, climate, and moisture conditions of Holland are particularly adapted to turning out rose plants quickly, and the Hollander grows 80,000 to 90,000 plants to the acre. Here we grow 18,000 to 20,000.

He produces large roses, but the growth is forced. The wood is soft and pithy and the plants will not succeed and do well in our drier, colder climate, seldom surviving over a year. The public does not know this and buys the plants because they are cheap. Thus are our prices fixed in Holland. The additional duty will help to control the situation.

MR. CLARK. How do we come to be importing them? Can we not make them grow over here?

Mr. PITKIN. We would like to.

Mr. CLARK. What is the reason for importing them?

Mr. PITKIN. I learned yesterday that Germany had established a prohibitive tariff on roses and other plants—a tariff so high that it shut out the Holland stuff from Germany.

The CHAIRMAN. What is the German rate?

Mr. PITKIN. I don't know.

Mr. CLARK. There isn't any one thing that has grown more in the United States in the last twenty years than the consumption of fruit, is there?

Mr. PITKIN. I think that is a safe conclusion.

Mr. CLARK. And the nursery business has grown with it?

Mr. PITKIN. Yes.

Mr. CLARK. What I can not understand is why they import these apple slips and buds and plums and so on from Europe at all.

Mr. PITKIN. I was going to tell you about the roses. The Holland people grow these roses in large quantities by cheap labor. They seek a market in this country. The thing we are trying to prevent is their practice in sending over here in the early spring and during the winter large quantities of their surplus roses, for which they have not been able to find a market.

Mr. DALZELL. What kind of roses?

Mr. PITKIN. Their hybrid, perpetual roses, outdoor roses. They send them over here and they are auctioned off, or lumped off, any way to get rid of them. I don't know how they can afford to do it, but they do it. You can buy in the department stores here sometimes three or four plants for a quarter. We can not afford to sell them at that price.

Mr. CLARK. Our nurserymen have become just as expert in budding and grafting as the French or Hollanders, have they not?

Mr. PITKIN. I do not think the average nursery laborer in this country is as expert as the Hollander or the Frenchman, for this reason: Agricultural labor, as you know, is the poorest paid of any labor in the country.

Mr. CLARK. Yes; I suppose it is.

Mr. PITKIN. The nursery labor is on a line with agricultural labor; we are farmers, that is about all we are.

Mr. CLARK. That is true probably of a great deal of the nursery labor, but the men that do this budding and grafting, working inside the house, are better paid, are they not?

Mr. PITKIN. The budding is not done inside.

Mr. CLARK. The grafting is done inside, is it not?

Mr. PITKIN. Yes, sir.

Mr. CLARK. That is expert labor, is it not?

Mr. PITKIN. Oh, we can teach a man to bud and graft in a very short time.

Mr. CLARK. But a man working at budding or grafting would get more pay than a man plowing corn, would he not?

Mr. PITKIN. Yes, sir.

Mr. CLARK. One other question. Have not the American nurserymen built up a large export trade?

Mr. PITKIN. In trees and plants?

Mr. CLARK. Yes, sir.

Mr. PITKIN. Not that I know of.

Mr. CLARK. Do they not ship them to Australia and Japan?

Mr. PITKIN. Yes; but I do not think it is a large trade.

Mr. CLARK. The reason I ask you about it is that there is a very large nursery in my county, and I understood them to tell me that they had been shipping to Japan and Australia.

Mr. PITKIN. I presume they have, but not in any large volume, according to my knowledge.

If the present duty on roses is removed the rose growers in this country would quickly be driven out of business. The Hollanders would naturally increase their prices by the amount of the duty, anyway, and the American rose buyer would not get any benefit.

We also ask for the insertion of a new paragraph after the item covering rose plants, as follows:

Conifera, two feet or more in height, transplanted stock, fifteen cents per foot or fraction thereof.

Deciduous shrubs, two feet high or more, transplanted, peonies and clematis, five cents per plant.

Deciduous trees, three-fourths inch in diameter and over, measured twelve inches above the ground, five cents per one-fourth inch diameter or fraction thereof.

I might say that those items are now in the list not specially provided for, at the ad valorem rate of 25 per cent. This makes a specific rate in some cases, and in other cases a decrease. I do not think it would make a great deal of difference in the net average result.

The reasons for this request are our increased labor cost during the past ten years and the difference between labor costs in this country and abroad, as previously explained.

The nursery interests are largely employers of laboring men. A very large proportion of the cost of trees and plants is made up by our labor pay roll.

Mr. CLARK. One question more. How did they come to put the St. Julian plum by name into that section 250?

Mr. PITKIN. It is a class of plum seedlings that at present I think are very little used—very few of them imported.

Mr. CLARK. But the question is—

Mr. PITKIN. I could not answer that.

Mr. CLARK (continuing). How they came to put that plum by name in section 252; what was the sense in singling out that particular plum?

Mr. PITKIN. I think for the reason that another class of plum is in the same section, but at a lower rate of duty.

**SUPPLEMENTAL BRIEF BY WILLIAM PITKIN, ROCHESTER, N. Y.,
FOR THE AMERICAN ASSOCIATION OF NURSERYMEN, RELATIVE
TO BULBS AND NURSERY STOCK.**

ROCHESTER, N. Y., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: This committee represents the American Association of Nurserymen, whose membership embraces all the nursery sections of the country, and is authorized to speak for the entire nursery interests of the United States.

Under the present tariff schedule, nurserymen are interested in sections 251 and 252 of Schedule G. Section 251 covers certain specified items of bulbs and plants, on which the duty is 25 per cent ad valorem. We ask that the following items be placed in the free list for the reason that they are not propagated in this country, and we must depend on foreign countries for our supply, viz: Rhododendrons, azaleas, tulips, crocus, hyacinths, narcissi, jonquils, lilies, lilies-of-the-valley.

Section 252 provides for a mixed ad valorem and specific duty on certain fruit-tree and evergreen seedlings, for a specific duty on rose plants, and for an ad valorem duty on items "not specially provided for."

For the purpose of our argument we wish to divide this section into three paragraphs, to be considered separately, and to ask for the insertion or addition of a new paragraph removing certain items from the class "not specially provided for" and establishing a specific duty on such items.

(a) We ask that the schedule be changed on the items of fruit and evergreen seedlings, to provide for a straight specific duty instead of the present mixed specific and ad valorem rate, and that evergreen seedlings as well as fruit-tree seedlings be covered by the qualification of "three years old or less."

(It is the opinion of our committee that this wording was intended in the present tariff law, and that the change was merely a typographical error.)

We ask that the duty on myrobolan, mahaleb, and mazzard seedlings be \$1 per thousand plants instead of, as at present, 50 cents per thousand plants and 15 per cent ad valorem; and on pear, apple, quince, and St. Julien plum, \$2 per thousand plants instead of, as at present, \$1 per thousand plants and 15 per cent ad valorem.

By reference to the catalogues of French nurserymen from the three principal nursery sections of France we find that the proposed change means practically no difference in the actual dollars of duties paid, but simply a change in form. (For details of valuations and costs supporting this argument we refer to our brief, to be filed with your committee, Exhibit A.)

Now for the reasons: These seedlings are principally grown in France. They are a one-year crop like corn and potatoes, affected by weather and climatic conditions and therefore subject to quick and violent fluctuations in prices. At least 85 per cent of the quantities imported are contracted for from three to nine months in advance of the actual delivery in January and February, at which time the seedlings are dormant and in proper condition for shipment.

Under the tariff law the market value at port of export, at time of export, must govern the valuation on which duty is paid, and in this case this market value is controlled by the 10 or 15 per cent of the crop which may be unsold at the beginning of the shipping season. If the demand is heavy, or the crop short by reason of a poor growing season, the prices go up. If, on the contrary, a favorable season has produced a surplus, the prices go down. In other words, it is not a stable, steady market, and therefore it is difficult for the nurseryman who has bought early in the season to arrive at a correct valuation for the purpose of his custom-house entry

If he guesses too low and his valuations are below those fixed by the Board of General Appraisers, to whose schedule he does not have access, he becomes subject to heavy penalties and fines, although his valuations are made according to his best judgment and may be much higher than his actual purchase prices.

If valuations at time of export are lower than his costs, he receives no benefit, as his entry must then be made at the higher cost price.

The present schedule means instability and fluctuations in cost to the nurserymen. The suggested change means stability and practically no change in the actual dollars of duty paid.

As nurserymen must wait three, four, five, or more years after planting before maturing and disposing of their crops, it will be conceded that stability in this matter is vitally important.

A specific duty will also tend to lessen the importation and planting of seedlings of inferior size and quality, which in most nursery sections of the United States will not produce strong, healthy, vigorous trees, and against which the present *ad valorem* rate counts for nothing, but which, if met with a specific duty, would be forced to find a market in other countries.

Previous to the passage of the present tariff law very few of these fruit-tree seedlings were grown in this country. To-day at least 90 per cent of all the apple seedlings planted are grown here, with smaller proportions of the other items.

(b) On rose plants, budded, grafted, or grown on their own roots, the present rate of duty is $2\frac{1}{2}$ cents each. We ask that this rate be increased to 4 cents each.

Now for the reasons: When the present tariff act was passed nurserymen were paying for labor from \$1 to \$1.50 per day of ten hours. We are now paying from \$1.50 to \$2 per day for the same labor.

In France and Holland, from whence roses and other finished nursery stock are principally imported, there has been no material increase in wages during the past ten years. Their average price for nursery labor, better skilled than ours, is 40 to 60 cents per day of eleven hours for men and from 30 to 50 cents per day for women, as against \$1.50 to \$2 for nine or ten hours' work in the nurseries of the United States.

When it is realized that a large proportion of the cost of a rose plant is labor, it will be conceded that 4 cents gives us now but little more protection than $2\frac{1}{2}$ cents did when the present tariff bill was passed.

The soil, climate, and moisture conditions of Holland are particularly adapted to turning out rose plants quickly, and the Hollander grows 80,000 to 90,000 plants to the acre; here we grow 18,000 to 20,000 only in the same space.

He produces large rose bushes, but the growth is forced, the wood is soft and pithy, and the plants do not succeed in our drier, colder climate, seldom surviving over a year. The public does not know this, and buys the plants because they are cheap. Thus are our prices fixed in Holland. The additional duty will help to control the situation.

If the present duty on roses is removed the rose growers of the United States would quickly be driven out of business, and naturally the Hollanders would immediately increase their prices by the amount at least of the present duty rate, thereby preventing any benefit to the American rose buyer.

Our committee is informed that Germany has established a tariff law on nursery stock which is practically prohibitive, resulting in closing that market against the Holland and French nurserymen and leaving this country as the principal dumping ground for their surplus and inferior products which can not find a market elsewhere.

(c) We ask for the insertion of a new paragraph after the item covering rose plants, as follows:

Conifera, two feet or more in height, transplanted stock, fifteen cents per foot or fraction thereof.

Deciduous shrubs, two feet high or more, transplanted, pæonias and clematis, five cents per plant.

Deciduous trees, three-quarter inch in diameter and over, measured twelve inches above the ground, five cents per one-quarter inch diameter or fraction thereof.

These five items are taken from the class "not specially provided for," at 25 per cent ad valorem and covered by a specific duty. In some cases the rate will be a little higher, in others a little lower, but the average increase will be slight.

The reasons for this request are our increased labor cost during the past ten years and the difference between labor costs in this country and abroad, as previously explained.

The nursery interests are large employers of laboring men, a very large proportion of the cost of trees and plants being made up by our labor pay rolls.

Further details as to costs, valuations, volume of imports, and rates will be submitted in a brief to be filed later with your committee.

The American Association of Nurserymen, by its committee on tariff: Irving Rouse, Rochester, N. Y., chairman; William Pitkin, Rochester, N. Y.; J. H. Dayton, Painesville, Ohio; F. H. Stannard, Ottawa, Kans.; James M. Pitkin, Newark, N. Y.; Theo. J. Smith, Geneva, N. Y.

EXHIBIT A.

In support of this statement we file catalogues issued by French nurserymen representing the three principal nursery sections of France, viz, Victor Detriche, of Angers, France; Levavasseur & Sons, of Ussy, France; Renault-Godefroy, of Orleans, France, and have marked in these catalogues in red ink the price considered in making up the average valuations.

We find as follows: That the valuations per thousand plants on Myrobolan, figured in United States currency, are \$4, \$3.20, and \$4; average, \$3.73. On Mahaleb, \$2.60, \$2.40, \$2.40; average, \$2.47. On Mazzard, \$3.50, \$3.60, \$3.60; average, \$3.57. The average of the three items would be \$3.26.

The present rate of duty is 50 cents per thousand and 15 per cent ad valorem, making 99 cents. The duties on cases which average in value \$4.40 is 66 cents, and an average case will hold about 12,000 plants, making an average rate of duty per thousand plants of 5½ cents, which, added to the figure above, makes a total charge of \$1.04½, as against \$1 asked for in the suggested change.

The prices quoted on pear are \$6.50, \$6, \$5.60; average, \$6.03; on apple, \$8, \$6.40, \$6.80; average, \$7.07; on quince, \$5.50, \$5.60, \$5; average, \$5.37; on St. Julien plum, \$6.50; \$6, \$6.40; average, \$6.30. The average for the four items would be \$6.19.

Under the present duty schedule we would pay 15 per cent ad valorem, 93 cents, plus \$1, plus duty on boxes 9 cents—\$2.02, as against \$2 asked for by the suggested change.

Under present tariff law we pay duty on cases which cost, on the average, \$4.40 each, and contain about 12,000 Myrobolan, Mazzard, or Mahaleb seedlings, and about 7,000 apple, pear, quince, or St. Julien plum seedlings, making average cost of duty $5\frac{1}{2}$ cents and 9 cents per thousand plants.

The sizes and grades marked and considered are those imported in the larger quantities.

BULBS AND SEEDS.

[Paragraphs 251 and 254.]

A. C. KENDEL, OF CLEVELAND, OHIO, RECOMMENDS THAT SPECIFIC DUTIES BE IMPOSED ON SEEDS AND BULBS.

CLEVELAND, OHIO, *November 14, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

HONORED SIR: We are advised that your honorable committee intends to consider the tariff schedule of agricultural products, and so forth, November 18.

Permit us to ask that the advisability of changing the duty on seeds and bulbs from ad valorem to specific duty be considered.

At present the duty is based on market value, and as this is changing frequently it remains for some one to say what that value is, and if the prices entered do not agree with the prices decided upon by the appraisers, a penalty attaches.

Penalties imply attempted evasions, if nothing worse, and place honest men in an odious and unenviable position.

There is nothing in the list that can not be satisfactorily changed without loss of revenue to the Government. It may take a little time, but we sincerely hope that you will favorably consider the above suggestions.

Respectfully, yours,

A. C. KENDEL,
Seeds, Plants, and Bulbs.

THE AMERICAN SEED TRADE ASSOCIATION SUBMITS SCHEDULES OF SPECIFIC DUTIES ON SEEDS AND BULBS.

NEW YORK, *December 2, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

SIR: At a meeting of the committee on tariff and customs of the American Seed Trade Association, an organization which consists

of the leading seed growers of the United States, as well as seed dealers, held this day, the following preamble and resolutions were unanimously adopted:

Whereas the members of this association are satisfied that the present duties on seeds and bulbs afford an adequate measure of protection to the American farmer and deprecate any radical change in the existing rate of duty on seeds and bulbs; and

Whereas owing to the methods of production abroad there is great difficulty, if not impossibility, in fixing equitably market values in the country of production because there are no open markets or exchanges where they are dealt in from day to day as is the case with many staple products; and

Whereas these conditions which are inseparable from the industry have, in the past, led to great difficulty on the part of the appraising officers of the customs, in some cases to great injustice to importers and to serious inequalities in the administration of the tariff; and

Whereas these undesirable results seem to be inevitable when the duty on seeds and bulbs is assessed on an ad valorem basis: Now, therefore, be it

Resolved, That it is the judgment of this association that all dutiable seeds and bulbs should pay duties on a specific basis; and further be it

Resolved, That we strongly recommend to the Ways and Means Committee the following schedule of duties on seeds and bulbs, which has been compiled on the basis of average values abroad and with the desire to maintain the equivalents of the existing ad valorem rates; and finally be it

Resolved, That it is the sense of this association that whatever duties on seeds and bulbs may hereafter be decided upon, they should be assessed on a specific and not an ad valorem basis.

Respectfully submitted.

WATSON S. WOODRUFF,
President American Seed Trade Association.

J. C. VAUGHAN,
Chairman Committee on Tariff and Customs.

Names of members attending the committee meeting and names of firms represented.

Chas. H. Breck (Joseph Breck & Sons), Boston, Mass.;
F. W. Bolgiano, Washington, D. C.; W. H. Grennell,
Pierrepont Manor, N. Y.; E. V. Hallock, Queens,
N. Y.; Lem. W. Bowen (D. M. Ferry & Co.), Detroit,
Mich.; Wm. H. Maule, Philadelphia, Pa.; Henry
Nungesser (H. Nungesser & Co.), New York City,
N. Y.; Walter P. Stokes, Philadelphia, Pa.; J. C.
Vaughan (Vaughan's Seed Store), Chicago, Ill.;
K. B. White (D. M. Ferry & Co.), Detroit, Mich.;
Watson W. Woodruff (S. D. Woodruff & Co.),
Orange, Conn.; Wm. Hagemann & Co., New York
City.

EXHIBIT A.

SPECIFIC DUTIES ON SEEDS, SUGGESTED BY AMERICAN SEED TRADE ASSOCIATION.

Per pound.	Per pound.
Spinach..... \$0.01	Lettuce..... .08
Mushroom spawn..... .02	Marjoram..... .08
Parsley..... .02	Salsify..... .08
Parsnip..... .02	Basil..... .10
Turip..... .02	Celery..... .10
Beet..... .03	Endive..... .10
Okra..... .03	Cress..... .10
Radish..... .03	Onion..... .10
Carrot..... .04	Rhubarb..... .10
Pumpkin..... .04	Sage..... .10
Squash..... .04	Wormwood..... .10
Asparagus..... .05	Balm..... .15
Chervil..... .05	Hyssop..... .15
Corn salad..... .05	Pepper..... .15
Cucumber..... .05	Thyme..... .15
Borage..... .05	Rue..... .20
Dill..... .05	Tomato..... .20
Melon, water..... .05	Catnip..... .25
Savory..... .05	Martynia..... .25
Sorrel..... .05	Rosemary..... .25
Brussels sprouts..... .06	Tansy..... .25
Cabbage..... .06	Eggplant..... .30
Chicory..... .06	Dandelion..... .35
Collards..... .06	Artichoke..... .40
Kale..... .06	Broccoli..... .40
Kohl rabi..... .06	Chives..... .75
Leek..... .06	Cauliflower..... 1.00
Muskmelon..... .06	Peas (per bushel of 60 pounds)..... .40
Roquette..... .06	Beans (per bushel of 60 pounds)..... .45
Saffron..... .06	Corn (per bushel of 56 pounds)..... .15
Lavender..... .08	

Yellow Trefoil, whether clear or in mixture with clover seed, 5 cents per pound.

Seeds of all kinds not specially provided for in this act, 5 cents per pound.

Free list.

Anise, canary, caraway, cardamon, coriander, cotton, cummin, dill, fennel, fenugreek, hemp, hoarhound, mangel-wurzel, mustard, parsley, rape, Saint John's bread or bean, sugar beet, sorghum or sugar cane for seed, sunflower, bulbs and bulbous roots not edible and not otherwise provided for, all flower seed, clover and grass seeds, vetches or tares; all the foregoing not specially provided for in this act.

EXHIBIT B.

SPECIFIC DUTIES ON BULBS, BULBOUS ROOTS OR CORMS WHICH ARE CULTIVATED FOR THEIR FLOWERS OR FOLIAGE, SUGGESTED BY THE AMERICAN SEED TRADE ASSOCIATION.

Per 1,000.	Per 1,000.
Oxalis..... \$0.25	Narcissus..... \$1.50
Crocus..... .25	Begonias..... 1.50
Jonquils..... .50	Gloxinias..... 1.50
Ixia..... .50	Colchicum..... 1.50
Montbretia..... .50	Lily-of-the-Valley..... 1.50
Galanthus (snowdrop)..... .50	Astilbe..... 2.00
Ranunculus..... .50	Callas..... 3.00
Tulips..... 1.00	Hyacinths..... 3.50
Chionodoxa..... 1.00	Lilies..... 5.00
Freesia..... 1.00	Dielytra..... 5.00
Gladiolus..... 1.00	Cannas..... 10.00
Scilla..... 1.00	Dahlias..... 10.00
Irises (bulbous varieties only)..... 1.00	Paeony..... 10.00
Anemones..... 1.00	Amaryllis..... 10.00

All bulbs, bulbous roots, or corms which are cultivated for flowers or foliage not specially provided for in this act, 50 cents per 1,000.

EXHIBIT C.

[Telegram.]

NEW YORK, *December 3, 1908.*

MR. F. BOLGIANO,
Seedsman, Washington, D. C.

DEAR SIR: Kindly file with the secretary of the Ways and Means Committee the following: "Hon. Sereno E. Payne, chairman Ways and Means Committee, House of Representatives, Washington, D. C.: The wholesale Seedsmens' League, by its directors, have to-day unanimously adopted the following: *Resolved*, That we heartily approve and indorse the American Seed Trade Association resolutions and schedule for specific duties on seeds and bulbs, dated December 2 and filed this 3d day of December with your honorable committee. Robert Buist, Philadelphia; W. Atlee Burpee, Philadelphia; S. F. Willard, of Comstock Ferree & Co., Weathersfield, Conn.; John L. Hunt, of Jerome Brice Seed Co., Cambridge, N. Y.; Henry W. Wood, of T. W. Wood & Sons, Richmond, Va.; F. W. Bruggerhof and E. E. Bruggerhof, of J. M. Thorburn & Co., New York City; Charles H. Breck, of Joseph Breck & Sons (Corporation), Boston, Mass.; Burnet Landreth and S. Phillips Landreth, of D. Landreth Seed Co., Bristol, Pa.

F. W. BRUGGERHOF, *President.*
 BURNET LANDRETH, *Secretary.*

**PETER HENDERSON & CO., OF NEW YORK CITY, RECOMMEND
 SPECIFIC DUTIES FOR BULBS AND SEEDS.**

NEW YORK, *December 15, 1908.*

HON. SERENO E. PAYNE,
House of Representatives, Washington, D. C.

SIR: We desire to say that we have pleasure in indorsing the petition sent to the House Committee on Ways and Means by the American Seed Trade Association, asking that a specific duty be levied on seeds and bulbs instead of ad valorem, as at present.

We believe that this would aid the custom-house authorities in passing the goods and effect prompter deliveries to consignees than is possible under the present system. It would do away with all the confusion, or most of it, which is now experienced in arriving at valuations, and we believe it would be beneficial all round.

We desire to say that we join the nurserymen who have already petitioned for an increase in the duty on roses to 5 cents per plant. We believe that the increase of duty mentioned would result in developing the growing of roses in this country in the open ground far beyond what it is at the present time or can be developed under present conditions.

It has been stated on good authority that there are 2,000,000 roses imported into the United States annually from Holland. These are produced by men whose weekly salary is stated to be \$2.50, a rate at

which no American workman can live under present conditions. The quality of the stock imported can not compare with what is produced in the United States, but the low price makes a market for them. They are not sold by nurserymen, seedsmen, or florists—at least, not to any extent—but are handled almost exclusively by the department stores in the big cities. They are put in as a side line in the spring, and we venture to say that they do not give satisfaction, but merely appeal to bargain hunters.

The men who can do the budding necessary to produce these roses are rather scarce in this country and difficult to obtain at the time they are wanted. If the increased duty would keep out the product, as we believe it eventually would, the men in the European nurseries who do it now would, in all likelihood, emigrate here, so it would be an advantage all round.

The tillers of the soil get very little protection from the Government, and we think that this should be accorded to the nurserymen who are now engaged in producing roses grown in the open ground. We do not do it ourselves to any extent. We do not grow any budded roses, such as are imported, so that our attitude in the matter is one of desiring to better the conditions as they now exist, both for the producer and the consumer.

Trusting that you will give this matter due consideration, we are,
Very truly, yours,

PETER HENDERSON & Co.

NURSERY STOCK.

[Paragraph 252.]

**JOHN CHARLTON & SONS, ROCHESTER, N. Y., FAVOR FREE ENTRY
FOR FRUIT TREE STOCKS AND FOREST SEEDLINGS.**

ROCHESTER, N. Y., *November 16, 1908.*

HON. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: In regard to the revising of the tariff on nursery stock we advocate as follows: We favor a free list for all seedling fruit-tree stocks and forest seedlings, also on all cutting plant layers and all young plants which it takes two or three years to grow into suitable size for the amateur landscape gardener and park superintendent to plant out into a permanent place for future profit or effect in the landscape. These above small plants, when imported the usual sizes, should be treated as raw material, like wool or any other item, to be worked up by our own workmen into a finished product.

We are, however, decidedly opposed to allow roses, fruit and ornamental trees, which are grown to a size to plant out for permanent effect, to be brought into the country without a sufficient duty is imposed on them to protect us in our business. In cases where such plants do not come into competition with labor here we would admit them free of duty.

There are annually nearly 2,000,000 roses imported into this country from Holland, where the wages, \$2.50 per man per week, come into competition with our \$9 per week labor. We ask that the duty of 2½ cents per plant be increased to 5 cents per plant to equalize the situation. Perhaps 1,000,000 of above plants are sold in department stores, and here at Rochester we have known three large stores to run each other down to 3 cents a plant. Under such circumstances, customers laugh at us when we try to sell them roses and flowering shrubs, as they can buy them at wholesale prices. What a howl would go up if the boot and shoe trade, tailor business, or, in fact, any other business was similarly affected as is our business. Hoping you will assist in giving us the relief asked for, we remain,

Yours, admiringly,

JOHN CHARLTON & SONS,
University Avenue Nurseries.

HON. J. HAMPTON MOORE, M. C., SUBMITS LETTER OF JAMES KREWSON & SONS, NURSERYMEN AND IMPORTERS, CHELTENHAM, PA., RELATIVE TO NURSERY STOCK.

CHELTENHAM, PA., *December 16, 1908.*

HON. J. HAMPTON MOORE, M. C.,
Philadelphia, Pa.

DEAR SIR: The existing low tariff on nursery stock has made it possible for the private planter to import any quantity of foreign-grown stuff he may desire to use, and numbers of our largest buyers go to Europe, or send their gardeners, to make selections.

Again, Germany has restricted the importation of foreign-grown stock, and as Holland has an immense surplus to dispose of at this time, America will be the dumping ground.

It is very apparent to any person familiar with the situation that unless some radical change in the tariff is made immediately, the American grower will be driven out of the business.

As members of the National Association of Nurserymen, and also of the Pennsylvania Association, we beg that you will carefully consider the petition of these associations as presented to the tariff revising committee, to wit, that there be a specific duty imposed on all deciduous trees over 8 feet in height, also on all evergreens over 2 feet in height, and on all shrubs fully developed suitable for decorative purposes.

Knowing your willingness to support any legislation that will foster our home industries, we make this appeal to you.

Very truly, yours,

JAMES KREWSON & SONS.

(Letters similar to the above were filed by the following: The Phoenix Nursery Company, Bloomington, Ill.; the Armstrong Nurseries, Ontario, Cal.)

**HON. ALBERT J. HOPKINS, SENATOR, FILES LETTER OF AURORA,
(ILL.) NURSERIES CO., RELATIVE TO NURSERY STOCK.**

AURORA, ILL., *December 17, 1908.*

Hon. ALBERT J. HOPKINS,
Washington, D. C.

DEAR SIR: I wish to call to your attention the fact that there will come up for revision the schedule on nursery stock imported from Europe. It has been recommended by the tariff committee of the National Nurserymen's Association that certain articles, such as trees $\frac{3}{4}$ -inch caliper and up, take a very heavy classification, meaning an added duty of \$40 to \$65 per thousand trees; also the same thing applies to shrubbery, 2 feet and above. We do not object to this, as one of the largest nurseries in Europe tells us that they pay less than 1 mark a day for help, while in this country, and especially in the West and Northwest, prices of labor have in some instances doubled in the last few years.

We, however, vigorously object to admitting certain nursery stock, such as evergreen and forest-tree seedlings, at a flat rate of \$1 per thousand. The nursery industry in the West is largely engaged in this class of business and if the scale, as indicated by this committee, should be adopted, it would practically put the evergreen and forest-tree seedling growers in the Northwest out of business, as this is one of the largest stocks in trade of European growers, and should this duty be placed at \$1 per thousand, flat, the European growers, with their cheap help, would shut out all competition from American nurserymen.

I would suggest to you that in your own county, at Dundee, is located perhaps the largest evergreen seedling grower in the United States, and he conducts a business of over \$100,000 a year in this line. He is only one of a great many nurserymen who are engaged in the same class of business and who would be directly affected by the schedule, as suggested to the Ways and Means Committee by the tariff committee of the nurserymen's association, and should this flat rate of \$1 per thousand prevail it would practically put him, as well as all these other seedling growers, out of business.

The schedule as submitted is in the interest of the eastern nursery firms almost exclusively, especially so far as it pertains to the admittance of evergreen and forest-tree seedlings. I believe in your fair-mindedness and hope that you will do me the personal favor of seeing Mr. Payne, or at least some member of this committee, and urge upon them the necessity of reporting this schedule as it has been suggested by the nurserymen's committee, with the additional advance in evergreen and forest-tree seedlings to \$2.50 per thousand. This is no more than fair, and it will be a great protection to nearly all the nurserymen of the Central and Western States. We heartily agree that the rose growers and growers of ornamental stock should have the best possible protection, and at the same time we believe that our seedling growers should be protected as well.

If it would be of any benefit, I would be glad to supply statistics as to the quantity of seedlings marketed and also as to their value. One nurseryman, to whom I referred, last year marketed something like 10,000,000 evergreen seedlings.

Thanking you in advance, I am,
Sincerely, yours,

J. A. YOUNG.

**THE MASSACHUSETTS AGRICULTURAL CLUB URGES ABOLITION
OF ALL DUTY ON EVERGREEN SEEDLINGS.**

BOSTON, MASS., *December 11, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.:

During the last few years the National Government and many of the States, through their respective bureaus of forestry and departments of agriculture, have urged upon the people the need of reforestation. The desirability and importance of this work have been impressed upon the community, not only by the words of those high in official position and by experts well qualified to give wise suggestion and advice, but by the rapidly increasing cost of lumber and by the recognized beneficial influence of forests in preserving valuable water courses. But in endeavoring to carry out the suggestions the farmers and owners of land well adapted to this purpose have found themselves hampered by the high price of the evergreen seedlings most desirable to be planted. This cost is largely increased by the excessive duty laid upon the seedlings—a duty amounting to about 100 per cent. Such seedlings, of the most valuable kind, can be purchased abroad for from \$1 to \$1.50 per thousand. The freight charges are small. But the duty is \$1 per thousand and 15 per cent ad valorem. The cost of seedlings purchased in this country is about \$4 per thousand. Were there many persons engaged in the growth of these seedlings in the United States, or were the cost of their production anything like the price charged for them, there might be some reason for maintaining the present duty. But neither of these conditions exists.

Believing, therefore, that the interests of our country will be promoted by the removal of all duties on evergreen seedlings, the Massachusetts Agricultural Club at its six hundred and seventeenth meeting, held on Saturday, December 5, 1908, unanimously adopted the following resolution and appointed the undersigned members of the club a committee to communicate it to your honorable body:

Resolved, That the Massachusetts Agricultural Club respectfully memorializes the Committee on Ways and Means of the United States House of Representatives, now engaged in considering the revision of the tariff, to recommend in their report the abolition of all duties on evergreen seedlings.

We have the honor to be,
Your obedient servants,

JAS. MURRAY KAY,
President,

BENJ. C. CLARK,
Secretary,

CHARLES L. HUTCHINS,
Massachusetts Agricultural Club.

D. HILL, DUNDEE, ILL., ASKS FOR A DUTY OF TWO DOLLARS PER THOUSAND ON EVERGREEN SEEDLINGS.DUNDEE, ILL., *December 17, 1908.*

Hon. S. E. PAYNE,

*Chairman Committee Ways and Means,
Washington, D. C.*

MY DEAR SIR: I have noticed in the *National Nurseryman*, a trade journal published in Rochester, N. Y., a statement from the committee of nurserymen who appeared before your honorable committee, and that said committee of nurserymen and their friends recommended a change of the various duties on the different varieties of trees, shrubs, and evergreens, classed as nursery stock, entering the United States from foreign countries, and, to say the least, unfair to the majority of growers, especially the large growers of evergreen seedlings and forest-tree seedlings. These trees can be grown very successfully in this country, and in sufficient quantities to supply any demand, whilst fruit stocks, ornamental trees, and shrubs, upon which this committee urge a duty of from \$1 to \$50 per thousand, can not be successfully grown, except in a few of the Eastern States, in which States I find every member of said nursery committee belong, except one, Mr. Stannard, of Geneva, Nebr.

Millions of dollars are already invested in the growing of evergreens and forest trees for forest planting in the Northwestern States. I have at least in my own nurseries 200,000,000 of such young trees, and many other firms have as many or nearly so.

The cost of labor is much higher in this country than when the present tariff went into effect, whilst the wages in foreign countries have not advanced, especially in the countries of Germany and France. We employ in our nurseries here at Dundee during the planting and shipping season 100 men, at from \$1.75 to \$3 per day each. The growers of the same trees in Germany pay for labor less than 1 mark (24 cents) per day and board. They work from sunrise to sunset. Here men only work eight to ten hours at most. In France and Holland 30 cents per day is paid to nursery laborers, without board.

In the summer of 1907 I made a personal visit to all the large nurseries in France, Germany, and Holland for the purpose of procuring information especially pertaining to the growing of evergreens and forest-tree seedlings for forest planting.

A far better quality of evergreens and forest trees are grown in this country at the same age as those in foreign nurseries. The difference in the cost of labor, however, does not give the growers of this country a fighting chance to compete with foreign growers. Therefore a straight duty of \$2 per thousand trees should be placed upon evergreen seedlings 2 to 3 years of age, and 35 per cent on all evergreens over 3 years of age, and \$1 per thousand on deciduous forest-tree seedlings. The present duty of \$1 and 15 per cent ad valorem on seedling evergreens is not enough to protect home industries, and is not in proportion to the duties asked for by said nursery committee, which amounts to from \$1 to \$50 per thousand trees.

I therefore trust you will use all honorable means to place a duty of \$2 per thousand on evergreen seedlings 2 years old, instead of \$1 and 15 per cent ad valorem, as at present.

Feeling sure this will receive your approval, and the change be made as requested, I remain, dear sir,

Yours, very truly,

D. HILL,
Dundee Nursery.

THE EVERGREEN NURSERY CO., STURGEON BAY, WIS., ASKS AN INCREASE OF DUTY ON EVERGREEN SEEDLINGS.

STURGEON BAY, WIS., *December 23, 1908.*

Hon. S. E. PAYNE, *Washington, D. C.*

DEAR SIR: As one of the largest growers of evergreens from seeds in this country, I beg of you to recommend that the duty on imported stocks of evergreen and deciduous tree seedlings be increased to \$2 per 1,000. We can only sell our product now to those who understand that the United States grown are better. We can't raise them for the price the foreigner can sell with duty added. I have stated facts, and I trust you will consider same.

Yours, very truly,

EVERGREEN NURSERY COMPANY,
Per J. J. PINNEY, *Superintendent.*

THE HARVARD (ILL.) EVERGREEN NURSERY PROTESTS AGAINST LOWER DUTY ON EVERGREEN SEEDLINGS.

HARVARD, ILL., *December 23, 1908.*

Hon. S. E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: I am a grower of evergreen seedlings, and as such would protest against the lowering of the duty on this class of nursery stock, as recommended by the nurserymen's tariff committee. The tariff on evergreen seedlings should be higher rather than lower, in my opinion, and I pray your committee to raise the rate from \$1 per 1,000 to \$2 per 1,000 in addition to the ad valorem duty of 40 per cent.

We can not compete with the pauper labor of Europe without a sufficient tariff, and I wish you would see to it that the present rate is not lowered, but if possible raised.

Yours, truly,

RORT. C. UECKE.

GEO. J. KELLOGG & SONS, JANESVILLE, WIS., WISH INCREASE OF DUTY ON EVERGREEN SEEDLINGS.

JANESVILLE, WIS., *December 19, 1908.*

Hon. S. E. PAYNE,

House of Representatives, Washington, D. C.

My DEAR SIR: We wish to call your attention to the proposed change in the tariff on certain classes of nursery stock. We understand that the committee on tariff of the National Association of

Nurserymen have reported to your Committee on Ways and Means, or will soon report, asking for certain changes in the present tariff on nursery stock and that certain classes of stock be given a higher rate of duty than at present. Now as a representative of the nursery business from the Middle West we wish to ask that you give to us as growers of evergreen seedlings and forest tree seedlings the same ratio of protection that is asked for the eastern growers of ornamental stock. To that end we respectfully ask that the duty of evergreen seedlings be raised to \$2 per thousand and the duty of forest tree seedlings be raised to \$1.50 per thousand.

We wish also to mention that the members of the committee of tariff of the national association are all, or nearly all, heavy growers of ornamental stock, and it does not appear to us as being just the right and proper thing for them to ask for an increase in duty on the stock they propagate largely and leave out the western grower on the two seedlings above mentioned. We sincerely hope you will use your influence and vote to secure the increase we ask for.

Thanking you for your attention to our request, we remain,

Very truly,

KELLOGG'S NURSERY,
M. S. KELLOGG, *Proprietor.*

WILD BROTHERS NURSERY COMPANY, SARCOXIE, MO., ASKS AN INCREASE OF DUTY ON EVERGREEN SEEDLINGS.

SARCOXIE, Mo., *January 2, 1909.*

Hon. S. E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: We write to request that the duty on evergreen seedlings and rooted cuttings of evergreens, 3 years old and under, be raised to at least \$2 per 1,000, and that the duty on forest-tree seedlings be raised to at least \$1.50 per 1,000. Excellent stock of these items can be grown in this country, and the market could be supplied with American-grown stock, but with the prevailing prices of labor the present duty is inadequate. We western nurserymen, as growers of evergreen and forest-tree seedlings, have as much invested as the growers of ornamental trees, roses, etc., exclusively, and should receive the same benefits in the lines of small stock as the larger stock. We believe the facts regarding these particular items have been overlooked by the committee of the American Association of Nurserymen. Otherwise, we indorse their recommendations.

We trust this will receive favorable consideration.

Respectfully,

WILD BROS. NURSERY Co.,
By C. M. WILD.

HON. A. P. GARDNER, M. C., FILES LETTER OF CHARLES L. HUTCHINS, OF CONCORD, MASS., RELATIVE TO REMOVAL OF DUTY FROM EVERGREEN SEEDLINGS.

PUNKATASSET FARM,
Concord, Mass., December 27, 1908.

Hon. A. P. GARDNER,

Washington, D. C.

DEAR SIR: During the last few years the National Government and many of the States, through their respective bureaus of forestry and

departments of agriculture, have urged upon the people the need of reforestation. The desirability and importance of this work have been impressed upon the community not only by the words of those high in official position and by experts well qualified to give wise suggestions and advice, but by the rapidly increasing cost of lumber and by the recognized beneficial influence of forests in preserving valuable water courses. But in endeavoring to carry out the suggestions the farmers and owners of land well adapted to this purpose have found themselves hampered by the high price of the evergreen seedlings most desirable to be planted. This cost is largely increased by the excessive duty laid upon these seedlings—a duty amounting to about 100 per cent. Such seedlings of the most valuable kind can be purchased abroad for from \$1 to \$1.50 per thousand. The freight charges are small, but the duty is \$1 per thousand and 15 per cent ad valorem. The cost of seedlings purchased in this country is about \$4 per thousand.

Were there many persons engaged in the growth of these seedlings in the United States, or were the cost of their production anything like the price charged for them, there might be some reason for maintaining the present duty. But neither of these conditions exist.

Believing, therefore, that the interests of our country will be promoted by the removal of all duties on "evergreen seedlings," and representing, I believe, the views of the great majority of farmers, I respectfully urge this matter upon your serious consideration.

I have the honor to be, your obedient servant,

CHARLES L. HUTCHINS.

PORTER & SON, OF CHICAGO, ILL., ASK FOR AN INCREASE IN THE DUTY ON EVERGREEN SEEDLINGS.

125 LA SALLE STREET, *Chicago, December 24, 1908.*

HON. S. E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: Regarding the proposed change of tariff on nursery stock, it appears to us that it would not be just to discriminate in favor of the eastern nurseryman, who grows mainly ornamental trees, shrubs, roses, and fruit stocks, by raising the duty on these articles and not to raise the duty likewise on seedling evergreens and forest-tree seedlings, which are largely grown by the western nurserymen. We can not see that the very small duty we would advocate, namely, \$2 per thousand on evergreen seedlings and \$1.50 per thousand on forest-tree seedlings, could militate against any interest involved. It could but have the tendency to encourage the larger growth of the articles in question in America and certainly would not shut off importations, the duty being so small. We can think of no argument in favor of raising the duty on one class of nursery stock and not on all kinds. The question of forest preservation might serve as a pretext for allowing evergreen and forest-tree seedlings free entry into the country, but this would be an empty argument, as the very small duty suggested would be in no wise prohibitive and would simply act as an incentive to grow more largely on this side.

In the past ten years wages with us have increased materially, and, as far as our experience goes, selling prices have remained about stationary. An increase in tariff would enable us to make an advance all along the line and aid in maintaining wages.

Would respectfully call your attention to the personnel of the tariff committee selected by the American Association of Nurserymen, which appeared before your committee and made certain recommendations. The members of this committee and those they invited to visit Washington with them all represented the growers of ornamental trees, shrubs, roses, and fruit stocks, and seemed to neglect the interests of the grower of evergreen and forest trees in the consideration of their own interests and did not do us the justice expected of them.

Your careful consideration of the subject as it affects the welfare of the western grower, as well as the eastern, whose interests are not precisely the same, will be much appreciated.

Yours, very truly,

PORTER & SON,
Porter's Nurseries.

**THE PHOENIX NURSERY CO., BLOOMINGTON, ILL., RECOMMENDS
INCREASE OF DUTY ON EVERGREEN SEEDLINGS.**

BLOOMINGTON, ILL., *December 17, 1908.*

Hon. H. S. BOUTELL,

House of Representatives, Washington, D. C.

DEAR SIR: We understand there is a movement on foot to lower the duty on seedling evergreens and forest-tree seedlings, which we feel would be an injustice to growers of these two items in this country, and we feel that the growers of these items should receive the same protection as the growers of ornamental trees, roses, shrubs, and fruit-tree stocks and other nursery stock, and that the duty on evergreen seedlings should be raised to \$2 per thousand, and on forest-tree seedlings to \$1.50 per thousand.

We hope you will see your way clear to recommend the above.

Very truly, yours,

THE PHOENIX NURSERY COMPANY.
By W. E. ROSSNEY, *Secretary.*

**STATEMENT OF JOHN H. FINNEY, OF 514 METROPOLITAN BANK
BUILDING, WASHINGTON, D. C., RELATIVE TO EVERGREEN
SEEDLINGS AND THEIR SEEDS.**

SATURDAY, *December 19, 1908.*

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Do you want to be heard on the same subject, Mr. Finney?

Mr. FINNEY. Mr. Chairman, I want to be heard on paragraph 252 of Schedule G and paragraph 254.

The CHAIRMAN. Mr. Crumpacker, do you desire to have that court record printed?

Mr. CRUMPACKER. Just the part he read here. It contains the evidence upon a vital question. It is not very long, is it? It will be in more convenient form to have it printed. It seems to me that ought to be in the record.

The CHAIRMAN. Very well. Proceed, Mr. Finney.

Mr. FINNEY. Mr. Chairman, at the suggestion of Mrs. Girard, forestry chairman of the Federation of Women's Clubs, and on behalf of the Appalachian National Forest Association, I want to ask you to put on the free list all evergreen seedlings in paragraph 252.

The CHAIRMAN. What seed?

Mr. FINNEY. Evergreen seedlings, for reforestation purposes, and the seeds of the evergreens designed for that same purpose, in paragraph 254.

Mr. GAINES. Who did you say you represent?

Mr. FINNEY. The Appalachian National Forest Association. In explanation of that, I want to say that I do not think that is going to hurt a single nursery or nurseryman in this country. We have got to start on a very definite policy of reforestation, and these seedlings, originally from American stock, are raised largely in Germany. There is a duty of a dollar a thousand on the slips and a 15 per cent ad valorem duty, and a 30 per cent duty on the seed themselves. We are importing a lot now; a lot are imported by the States themselves, coming in free, but when it comes to the question of the general reforestation that we must soon engage in, it is very desirable to have the cheapest sort of plants of the best type that we can get. The time is coming when we must not only preserve our forests, but we have got to make our forests by replanting, and it is a desirable thing to get the best seedlings we can at the best prices possible. While I am not familiar with the subject of tree nurseries in this country, I do understand that that particular type of seedling does not hurt any local or domestic enterprise at all. It is a small evergreen, the white pine seedlings, that we want the duty removed from.

Mr. FORDNEY. They are imported now only for ornamental purposes?

Mr. FINNEY. No; there is some importation for reforesting in the States. New York is doing that. I am anticipating, however, that the time will soon be here when we will have to engage in a general system of reforestation, and when that time comes we ought to be able to import them in large quantities.

Mr. FORDNEY. White pine, did I understand you to say?

Mr. FINNEY. Yes; white pine, conifers. They are trees that do not reproduce themselves. They have to be grown from seeds and replanted.

ROSEBUSHES.

[Paragraph 252.]

THE SOCIETY OF AMERICAN FLORISTS FILES LETTERS ASKING
FOR AN INCREASE OF DUTY ON ROSEBUSHES.FISHKILL-ON-HUDSON, N. Y.,
November 17, 1908.HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: As we look for a modification of the tariff in the near future and as you are a man who has a great deal to do in shaping these matters, I beg herewith to lay before you for information and for such action as may be proper two letters from growers of nursery stock and particularly roses. Jackson & Perkins Company, Newark, Wayne County, N. Y., and the L. Green & Son Company, Perry, Ohio, request full protection on the growth of roses. The rose is the most important commercially of all cultivated flowers.

Respectfully, yours,

BENJAMIN HAMMOND,
Chairman Legislative Committee. Society American Florists.

NEWARK, N. Y., November 12, 1908.

MR. BENJAMIN HAMMOND,
Fishkill, N. Y.

DEAR SIR: As a member of the tariff committee of the Society of American Florists we would earnestly urge that you report to the Ways and Means Committee of Congress as favoring an increase of the present duty upon imported rosebushes. We think that the present duty of $2\frac{1}{2}$ cents per plant is hardly adequate for the protection of American growers. The worst competition, of course, comes from Holland, where, besides the advantage of labor costing about one-third what we pay, they have a rich, always-moist soil and a hot summer climate, a combination producing rapid, forced growth almost the same as hothouse conditions. Of course, rosebushes grown under these conditions are soft, pithy stuff and do not succeed well in our dryer climate. But they are cheap even with the duty of $2\frac{1}{2}$ cents added and in a large measure they fix the wholesale price.

Looking back in our invoice book to 1895 and 1896, before the Dingley tariff went into effect, we find that the present wholesale prices average just about 1 cent higher than then. This would be an increase of about 15 per cent, but it is more than offset by an increase of fully 40 per cent in labor cost and corresponding increases in other expenses of growing. We believe that a duty of 5 cents per plant would afford only reasonable protection to American growers.

From figures obtained at the New York custom-house we learn that there are nearly 2,000,000 rosebushes imported annually. We presume that fully seven-eighths come from Holland, and we think something should be done to prevent this country from being flooded with these Holland rosebushes, both for the protection of American

growers and because they are not suited to climatic conditions here and do not give good results. We hope you can consistently report in favor of increasing the present duty.

Yours, truly,

JACKSON & PERKINS Co.

PERRY, LAKE COUNTY, OHIO, *November 14, 1908.*

MR. B. HAMMOND,
Fishkill, N. Y.

DEAR SIR: We understand that there is some agitation relative to removing the tariff from rosebushes imported into the United States.

This, we think, would be a very serious matter for the American producer, as it is a hard enough proposition now to dispose of all our products in this line with the present rate of duty.

In our opinion this duty should be doubled to 5 cents per plant in place of 2½ cents rather than reduced or removed, and we believe we are voicing the general sentiment of the nursery people when we make this statement.

Hoping you can see your way clear to help us out in the commodity, if the opportunity presents itself, we are,

Very truly,

L. GREEN & SON COMPANY.

**THE GRIFFING BROTHERS COMPANY, JACKSONVILLE, FLA.,
WISHES THE PRESENT DUTY ON ROSEBUSHES MAINTAINED.**

JACKSONVILLE, FLA., *November 16, 1908.*

HON. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: We understand that the Ways and Means Committee will give hearings with reference to the tariff schedule on November 10 and December 4, and as we further learn that there is a movement on foot to reduce or eliminate the present tariff of 2½ cents per plant on rosebushes, we take this opportunity to petition your honorable committee to leave this duty where it is, or, if any change is to be made in same, to raise it to 5 cents per plant.

If your honorable body would investigate the matter, you will find the chief competition to American-grown roses comes from Holland, growers who produce their plants with cheap labor, costing about one-third of what the American growers pay their help.

In addition to this, their plants are grown in a moist soil, with humid summer climate. This combination of conditions produces rapid, forced growth, which is tender and makes the plant unfit for American outdoor planting.

The reduction or elimination of this tariff would fill the department stores and such places with cheap rosebushes that would be both unsatisfactory to the planter and detrimental to the American rose grower, as they could not sell their plants in competition with the cheap importations from Holland.

Trusting that your honorable committee will consider this matter, and if any change is to be made in the schedule that it be raised to 5 cents per plant, we beg to remain,

Yours, very truly,

THE GRIFFING BROTHERS COMPANY,
C. M. GRIFFING, *Secretary*,
Nurserymen.

**F. F. BERNARD, PAINESVILLE, OHIO, ASKS THAT THERE BE NO
REDUCTION OF DUTY ON BUDDED ROSES.**

PAINESVILLE, OHIO, *November 16, 1908.*

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington D. C.

DEAR SIR: We would respectfully ask you not to favor any reduction of duty on budded roses which are imported into this country in competition with the American stock.

The duty at present on rose stock for budding, called "manetti," which nurserymen import for budding purposes, might, with advantage, be taken off, as they can not be raised in this country to any extent on account of climatic conditions.

Yours, very truly,

F. F. BERNARD,
Fairport Nursery.

**THE R. G. CHASE COMPANY, GENEVA, N. Y., THINKS THAT THE
DUTY ON ROSEBUSHES SHOULD BE INCREASED.**

GENEVA, N. Y., *November 14, 1908.*

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We notice in the papers that your committee is hearing expressions of opinion from manufacturers and business men regarding the proposed revision in the tariff.

As growers and distributors of American products, we desire to urge that the tariff on rose plants be increased rather than decreased, for reasons which are plainly obvious. Over 1,000,000 rosebushes are imported annually from Holland, much to the discomfiture of American growers, for the simple reason that the cost of labor and the production of roses in Holland is away below that of the States. For instance, Holland growers offer first-class plants in this country as low as \$30 per thousand. American growers in buying the natural stocks pay \$10 per thousand for these laid down in this country, and to this must be added the cost of planting, budding, and bringing to maturity, which can not be done and meet the price of our foreign competitors.

We should like also to present to your consideration the present duty on fruit seedlings. This we think might be decreased without injuring the trade of this country, inasmuch as fruit seedlings are not successfully raised in the United States, outside of apple, and the French production is superior to the American in this line. Naturally the cost of the seedling in this country has somewhat to do with the sell-

ing price of the matured tree to the American public, and we sincerely hope that in this latter case the tariff will not be increased. As said before, we should be pleased to see a reduction, but we do most earnestly protest against any reduction in the tariff on rosebushes.

Respectfully, yours,

THE R. G. CHASE COMPANY,
O. G. CHASE, *Treasurer*,
The Chase Nurseries.

REPRESENTATIVES OF AMERICAN NURSERYMEN ASK PROTECTION FROM HOLLAND-GROWN ROSEBUSHES.

GENEVA, N. Y., *November 20, 1908.*

Hon. SERENO E. PAYNE, *Washington, D. C.*

DEAR SIR: We are especially interested in rose growing and trust you will not favor any reduction of the present duty, $2\frac{1}{2}$ cents per bush. The rose competition comes from the Holland growers. Besides the advantage of cheap help, costing about one-half as much as the American growers pay their help, they have a rich, always-moist soil and a hot, summer climate, combinations producing a rapid forced growth, almost the same as the hothouse conditions, and, of course, rosebushes grown under these conditions are soft and pithy and do not succeed well in our dryer climate and soil. The public does not know the difference. The plants are cheap even with the $2\frac{1}{2}$ cents added, and in a large measure they fix the wholesale price in this country.

There are now, as we understand it, nearly 2,000,000 rosebushes imported annually, so the present duty can not be called prohibitive. We would be in favor of adding instead of taking from the present standard. Surely if the present duty is reduced any it will mean that we will be obliged to quit the growing of rosebushes almost entirely, and we trust you will use all honorable means to maintain the present rate if you can not see your way clear to increase same, and we kindly ask your assistance in the matter.

Trusting you will give the above your kind attention, we remain,
Yours, truly,

RICE BROTHERS CO.,
J. P. RICE, *President.*

Letters similar in purport to the above were filed by the following: E. Gill, nurseryman, West Berkeley, Cal.; Clark Brothers, florists, Portland, Oreg.; The H. S. Taylor Nursery Company, Rochester, N. Y.; Schmidt & Botley, seedsmen and florists, Springfield, Ohio; California Rose Company, Pomona, Cal.; The Empire Nursery Company, Geneva, N. Y.; The Leedle Floral Company, Springfield, Ohio; Rosemont Nurseries, Painesville, Ohio.

SEEDS.

[Paragraph 254.]

STATEMENT OF OTTO KIRCHNER, OF DETROIT, MICH., WHO
RECOMMENDS SPECIFIC DUTIES ON CERTAIN SEEDS.SATURDAY, *December 19, 1908.*

(The witness was duly sworn by the chairman.)

Mr. KIRCHNER. It is not a question of the rate of duty, but the sort of duty. We ask you to abolish the ad valorem duty and to substitute the specific duty upon certain seeds.

The CHAIRMAN. What paragraph are you speaking to?

Mr. KIRCHNER. 254, I think. I would like to ask how much time will be allowed me?

The CHAIRMAN. How much time do you want?

Mr. KIRCHNER. I can present it in the abstract in ten minutes, but—

The CHAIRMAN. Then you may go on for ten minutes without interruption.

Mr. FORDNEY. I would ask if you can not give him a few minutes more. It is a very important subject, and I think you will be very much interested.

The CHAIRMAN. I understood him to say ten minutes.

Mr. KIRCHNER. I said that I could present it in the abstract in ten minutes, but to furnish concrete illustrations, in order to make myself more clear, I should possibly want a half hour.

The CHAIRMAN. Well, go on for half an hour.

Mr. KIRCHNER. Seeds that are imported are very largely grown on contract in Germany, in France, and in Italy.

Mr. DALZELL. What seeds are they?

Mr. KIRCHNER. Section 656 of the tariff act of July, 1897, "Seeds: Anise, caraway, cardamon, cauliflower, coriander, cotton," and so forth.

Mr. DALZELL. But they are on the free list.

The CHAIRMAN. Do you want to transfer them from the free list to the dutiable list?

Mr. KIRCHNER. I do not care very much so long as you leave a specific duty rather than an ad valorem duty.

The CHAIRMAN. But there is no duty on them at all now, some of them.

Mr. KIRCHNER. There is not a duty on some of them—I will answer your questions specifically.

Mr. FORDNEY. It is paragraph 254, seeds of all kinds.

The CHAIRMAN. But I understand that those are not the seeds he is speaking about.

Mr. FORDNEY. I think he can explain that; that is the point.

Mr. KIRCHNER. The seeds at 30 per cent ad valorem duty.

The CHAIRMAN. The last clause of paragraph 254 reads: "Seeds of all kinds not specially provided for in this act, 30 per cent ad valorem." Are those the seeds you are after?

Mr. KIRCHNER. I am after those, section 254, and also section—not only that paragraph, but all seeds we have.

The CHAIRMAN. That is the only paragraph upon which there is an *ad valorem* duty.

Mr. KIRCHNER. Possibly.

The CHAIRMAN. And it contains all other seeds not specially provided for.

Mr. KIRCHNER. I did not so understand it, but it makes no difference, because I address myself to all seeds upon which an *ad valorem* duty is imposed.

Now, at the point of interruption I was about to say that these seeds are all produced on contracts either in Germany or France or in England, and they are produced in such quantities that they have no market value at the place where they are produced or from which they are imported, so that the only market value of which the importer knows is the price which he pays, and it is the price that he pays at which he enters them for importation into this country.

Now, then, some other importer comes along, and he imports the same kind of seed; say Danvers onion seeds, for illustration. We pay 100 shillings a hundredweight. Some other importer may pay 150 shillings a hundredweight. Another man may pay 175, and some other man may pay 75. Now all of these valuations based upon these invoices pass for the moment, but finally the special agents of the Treasury Department and the different inspectors compare these appraisements, and they say it is impossible that they are all right; some of them may be too high and some of them too low, so they proceed to make an average, or they proceed to insist that the importer enter his goods at the largest valuation at which they have entered in any port. What follows? The importer who wanted to enter his goods at 100 shillings a hundredweight is penalized. If the valuation is raised 50 per cent, the importation or entry is *prima facie* fraudulent, and he is subject to a fine of \$5,000, two years' imprisonment, and the forfeiture of his goods.

The CHAIRMAN. The committee is pretty familiar with that branch of the law.

Mr. KIRCHNER. Possibly the committee is familiar with all of it.

The CHAIRMAN. Well, it is familiar with that branch of the law, and I hope you will excuse me for making the exception. I did not know but that it might be in your interest, and that you could get more argument in your time if I called your attention to that; but you may proceed without interruption, if you properly understand me.

Mr. KIRCHNER. I beg your pardon. I did not use the word "interruption" in an offensive sense. I am very glad to be interrupted.

The CHAIRMAN. I simply thought it would aid you to know that we knew about it.

Mr. KIRCHNER. Certainly. My allusion to the interruption, which was perhaps a very inapt phrase, was no criticism of the committee or yourself, and I think perhaps you misapprehend my purpose. I court interruption, and I shall be very glad to answer any question. When I referred to the penal provision of this act it was not for the purpose of giving information to this committee, or to "carry coals to Newcastle," so to speak, but to emphasize what I was about to say.

D. M. Ferry & Co., whom I am representing, and who are the largest importer of seeds—I am informed that they imported practically seven-eighths of all the seeds imported into the United

States—for twenty years prior to March, 1903, entered their seeds, which they had grown for them under contract in the three European countries named, at the invoice price. They knew of no other market price. They had been inquired of by these special agents of the Treasury Department, they had submitted their books, their contracts, and their invoices, and everybody was satisfied up to that time that these goods had been entered at their proper valuation. Then came a special agent of the Treasury and called attention to the fact that the, say, Danvers onion seeds had been imported at four or five different places in the United States approximately at the same time at different figures, and the claim was made that Ferry & Co. had imported these goods, though at their invoiced price, at less than their market value. Now, then, an investigation was had. I represented them in the matter, and after a full hearing the appraiser at Detroit sustained them in the position that they had taken, that there was no other market value than the invoiced price.

The collector, not of his own volition, but acting under special instructions from the Secretary of the Treasury, appealed from that appraisement to the Board of General Appraisers. Before the final hearing before the Board of General Appraisers I had an interview with Secretary Shaw, at that time Secretary of the Treasury, and the whole matter was gone over with him, and he was satisfied that those importations had been made, that there was no other market value than the invoice price, and thereupon Mr. Waite—Judge Waite, a former judge in Michigan, and then and now one of the Board of General Appraisers—sustained the Detroit appraiser in his action, and gave his opinion in October, 1903, and from that time until now these importations have been entered at the invoice price.

And now, Mr. Chairman, this identical question that was thrashed out so fully five years ago is again raised. And why? Because new men have got into the business, new men have been employed by the Government. They do not fully understand it, and they are unable to see why these seeds should approximately at the same time be imported into the United States at different prices.

Now, my clients say that this is a pretty hazardous business. They do not know what other price to enter these goods at other than the invoiced price. They can not do as some importers do, simply out of fear to make value for the purpose of importation, because they do not know what to do, and so they stand in fear and constant terror of having their commercial integrity impugned, of being subjected to penalties and forfeitures, simply because, from the very nature of the case, the very necessities of the case, they are forced into a doubtful position.

And now what do they ask? They ask, Mr. Chairman and gentlemen, not that the duty be reduced, but that the duty shall be gauged in some way or on such a basis that hereafter they can act with safety.

Mr. FORDNEY. You want it specific instead of ad valorem?

Mr. KIRCHNER. We want a specific instead of an ad valorem duty.

Mr. DALZELL. On your statement as to the value, whatever it is assumed to be? How are you going to do it?

Mr. FORDNEY. He might place it on the imports, on the basis of the amount of money collected.

Mr. KIRCHNER. I understand, Mr. Chairman and gentlemen of the committee, that the American Seed Trade Association, through a representative from New York, has submitted figures. If I am not correctly advised as to that, I can give you a copy of that statement. They have gone over the whole subject and recommended a certain rate of duty per pound upon all the seeds in which they are interested. I have a copy of their communication, which I shall be very glad to leave with you. But I am told by Mr. Bowen that you have a copy.

Mr. DALZELL. What is the name of the association?

Mr. KIRCHNER. The American Seed Trade Association.

The CHAIRMAN. We would like to know the value of the seed per pound, as well as the duty proposed, in order that we may see whether the duties are excessive or not.

Mr. KIRCHNER. I may state that I am not advised precisely as to the basis upon which this proposed schedule is founded, but I am informed by Mr. Bowen, a gentleman who is known to Mr. Fordney, no doubt, as the manager of D. M. Ferry & Co., of Detroit—

The CHAIRMAN. We should have to have some testimony upon that.

Mr. KIRCHNER (continuing). I was told that this proposed duty would yield approximately the same amount of duty that the present schedule has yielded; and, if you will permit me, I would be very glad to leave a copy of this schedule with the committee now.

Mr. CRUMPACKER. Leave it with the clerk.

Mr. KIRCHNER. Yes. Now, if you desire testimony on this point, we will be glad to submit it, if you will indicate when.

The CHAIRMAN. The committee has always favored putting on specific duties instead of ad valorem duties whenever we could, and sometimes gentlemen have come before us representing their interests and recommending a specific duty, and when we came to work it out we found that the specific duty largely exceeds the ad valorem, and that we would, by acting on their recommendation, be raising the duty without knowing it. This committee would like to know the facts on which this scheme is worked out, and we would like to guard against that.

Mr. KIRCHNER. If I come here in January, some time in January, can I be heard?

The CHAIRMAN. Are you yourself familiar with the technique of this subject? Are you an expert?

Mr. KIRCHNER. No, sir; I am not an expert. I am a lawyer.

The CHAIRMAN. You might have somebody connected with this business put it in the form of a brief and hand it in before the 15th of January, and it could then be printed for the use of this committee, and then we would consider it in connection with the evidence in the case.

I want to say to you further that the committee is trying to work out the system of valuations, where there is an ad valorem duty, in such a way that the duty shall be based finally upon the wholesale price in this country, after deducting the duty and the freight and the insurance charges and a certain percentage for commissions and a certain percentage of profit so that the ad valorem duty shall not be less than that and shall be based upon the wholesale price at which the goods are sold in this country. I hope you will be able to work that out in this case. If you do, you will go a long way toward rem-

edying the evils of undervaluation that occur not only in the seed business, but everywhere where there is an ad valorem duty. We want to get the facts in regard to it, so that we will know what we are doing, or at least have a reason for it if we find out afterwards that it will greatly increase the duty by making it specific instead of ad valorem.

Mr. KIRCHNER. I am instructed to say that these gentlemen do not care very much how much the duty is, so long as it is made specific and so long as it is not prohibitive and not unreasonably hard upon the consumer. We are willing to pay all the duty, but as it is now we are in constant peril of proceedings instituted by the Government. I spent an hour or two the other day with the Secretary of the Treasury, and—

The CHAIRMAN. I suppose it is a good thing for the agricultural interests of the country to import a certain amount of good seed?

Mr. KIRCHNER. I understand that some of these goods can not be produced in this country.

The CHAIRMAN. I understand that between three and four hundred thousand dollars' worth are imported each year under this particular 35 per cent duty.

Mr. KIRCHNER. Yes. And some of the seed may be raised in California, but it is necessary to make sure of your stock, and therefore you duplicate your California order in Europe in order to make sure that you have the supply.

Now, may I leave this schedule with the clerk?

The CHAIRMAN. Certainly.

Mr. DALZELL. I find here that the American Seed Trade Association—is that what you referred to?

Mr. KIRCHNER. Yes.

Mr. DALZELL. That the American Seed Trade Association has submitted a schedule of specific duty.

Mr. KIRCHNER. Yes; they have submitted a schedule.

The CHAIRMAN. Is it the same schedule as that already printed?

Mr. KIRCHNER. Yes, sir.

The CHAIRMAN. Then it is already filed. We have not had a chance to read these hearings, and do not know what has been filed.

Mr. KIRCHNER. It may help you to understand the situation if I read to you some of the testimony that was adduced before the general appraiser at New York. It will not be very long. I was led to this digression by the remark of the chairman with reference to the market value of these seeds. I think you will find a very great difference. There is no market value for seeds.

The CHAIRMAN. In this country?

Mr. KIRCHNER. In this country or any other country, except for grass seed and rape seed and clover seed. There is no public exchange where these seeds can be bought and sold.

The CHAIRMAN. Grass seed is imported free?

Mr. KIRCHNER. Yes; grass seed has a market value. So has clover and rape seed. But I am informed that there is no other seed that has a market value.

The CHAIRMAN. Of course, grass seed being free, it makes not so much difference.

Mr. KIRCHNER. Mr. Bowen testified that a seed catalogue without price was just as good as a seed catalogue with price. The price does not indicate anything, and I submitted to the general appraiser at New York three distinct catalogues. Now, they had in them possibly 500 or 600 items each, but these three catalogues had 56 seeds in common; that is, 56 different seeds appeared upon each of the three catalogues, and only 8 of those 56 articles were the same in those three catalogues. And the reason is that there is no market value. That is the reason why we are here. If there were a market value, we would not quarrel with this. We could ascertain it. We say we know of no market value other than the price we pay.

The CHAIRMAN. Don't they have a market value in this country?

Mr. KIRCHNER. No, sir.

The CHAIRMAN. How do they settle for them? They have to buy them?

Mr. KIRCHNER. Each fellow gets what he can.

The CHAIRMAN. That is the way of everything. The average establishes the market value.

Mr. KIRCHNER. Does it?

The CHAIRMAN. It comes pretty near it.

Mr. KIRCHNER. Not in this case.

The CHAIRMAN. It is founded on the law of supply and demand.

Mr. GAINES. You say that only 8 kinds of seeds out of the 56 were the same price in the three catalogues?

Mr. KIRCHNER. Yes, sir.

Mr. GAINES. The others were not the same price, you say?

Mr. KIRCHNER. No.

Mr. GAINES. Do the prices vary greatly?

Mr. KIRCHNER. Yes, sir. I have a copy of the analysis here.

Mr. GAINES. An ordinary variation of price, you know, would be incidental to competition, and a uniform price throughout the whole "56 varieties," so to speak, would indicate combination probably.

Mr. KIRCHNER. There is no combination.

Mr. LONGWORTH. What was the variation in the value of the seeds that brought about that case before the Board of General Appraisers?

Mr. KIRCHNER. In some instances 100 per cent.

Mr. LONGWORTH. In the invoice price?

Mr. KIRCHNER. Yes, sir; in the invoice price. That is all explained by Mr. Bowen in his testimony before the appraiser at New York.

Mr. LONGWORTH. Were all of those various importations brought in about the same time?

Mr. KIRCHNER. Approximately within a month.

Mr. LONGWORTH. A variation of 100 per cent in a month?

Mr. KIRCHNER. Yes, sir.

Mr. FORDNEY. It is true that your firm contracts for the same kind of seeds over there in those countries at various prices?

Mr. KIRCHNER. Yes, sir.

Mr. FORDNEY. And when they are imported they are invoiced at the price you pay, and two shipments may come at the same time at a very wide difference in price, and that is what causes you the trouble?

Mr. KIRCHNER. Yes, sir.

The CHAIRMAN. I tell you what you can do, Mr. Kirchner. You can furnish this committee with the information of the average price at

the custom-house that these seeds have been appraised at, say in the last five years, on which this ad valorem duty has been collected. If you will give us that we will know whether the specific duty increases or otherwise.

Mr. KIRCHNER. Now, Mr. Fordney called my attention to a matter that I would like to answer specifically, but if you will bear with me I will read Mr. Bowen's testimony before the board of appraisement of United States General Appraisers at New York, N. Y., September 13, 1903, continuation of proceedings in the matter of reappraisements Nos. 7317, 7320, 7321, 7326, 7327, 7329, 7330, 7333, 7323, 7332, 7334, 7328, 7354, 7355, 7356, 7397, and 7400 of D. M. Ferry & Co.; and reappraisements Nos. 7337, 7338, 7339, and 7340 of the Lohrman Seed Company, on seeds; and I think it presents the matter in a more concise shape than I could give it in any other way. [Reads:]

Q. (By Mr. Washburn.) This contract that D. M. Ferry & Co. made with the growers is with the exporters or producers on the other side, that is right?—A. Yes.

Q. D. M. Ferry & Co. have nothing to do with the grower?—A. No, sir.

Q. Have no contracts with them?—A. No, sir. This house in Paris has the seed, and they let this out to the growers.

Q. Are not those seed houses selling to other people in the United States, as well as to D. M. Ferry & Co.?—A. Yes; but not in these large quantities.

Q. Are these actually purchased goods, or consigned?—A. Actually purchased goods. Now, when we import the goods we have to make out an affidavit stating that the price represents the actual purchase price that we pay. Now, the Government says that this is not the market value, but how are we to know? We don't know any other market value. And this thing has been done for all time past and has never been questioned until recently. Now, in this connection, the house of D. M. Ferry & Co. is the largest seed house in the world, and the special agent of the Treasury contends that there is a market value for these goods. Now, D. M. Ferry & Co. say that they can not be purchased in such quantities except by contract, and each lot is the subject of special negotiation.

Q. (To Mr. Kirchner.) I understand your point to be that particular seeds have no market value?—A. (By Mr. Kirchner.) Yes.

Q. On particularly certain species?—A. (By Mr. Bowen.) Yes; on what you would call "vegetable seeds."

Q. On all vegetable seeds; the same thing applies to all of them?—A. Yes.

Q. And on grass seed and timothy seed and such other seeds it is possible to have the market value?—A. They do have.

Q. (By Mr. Kirchner.) That is, seeds the net value and character of which may be ascertained by inspection?—A. Yes; and there is another radical difference between those seeds and vegetable seeds in the sum total, in that the production of vegetable seeds amounts to comparatively very little, compared with the grass seed, clover seeds, timothy seeds.

(Mr. Kirchner states that Mr. Bowen has already been sworn in this matter and is now under oath.)

Mr. KIRCHNER. In further illustration that there is no fixed market value for these seeds, I want to call your attention to the fact that three separate seeds are imported here at different prices, according to the figures furnished by the appraiser here in New York.

Mr. WASHBURN. Three different prices?

A. Three articles at six different prices; that is, each article at two different prices entered here.

Q. Exported at the same time abroad?—A. Exported from abroad at the same time, on that very sheet. Now, when I speak of market value, Mr. Washburn, I mean this: Take from the brief already filed here, of which I should be glad to hand you a copy, if you desire it—

Mr. WASHBURN. It would be interesting to look over.

Mr. KIRCHNER. In effect, the American and English Encyclopedia of Law states that "market value"—"market price"—denotes "A price established by public sales in the way of ordinary business." Now, there is no price estab-

lished for any of these things—that is, there is no price at which these goods may be sold or bought at any one time.

Mr. WASHBURN. Is it claimed that there is no market price or value for these goods in this case?

A. (By Mr. Bowen.) Yes; that there is no criterion, as in timothy seed, where you can go to the market at any time—that is, go to the produce exchange at any time—and buy and sell it; but you can not find a market in that way for cabbage seed, for instance, because there are no buyers.

Q. (By Mr. Washburn.) Is not there a fixed price within certain approximate limits at which you and other houses in this country offer to the public seeds like cabbage seeds, for instance?—A. Our prices are as various as can be imagined.

Q. Is it within 5 per cent, say?—A. Our own ideas may change 5 per cent overnight. It is not unusual for us to sell the same vegetable seed to two wholesale buyers on the same day at prices so various that one would be the double of the other. It depends upon our customer, and it depends upon the price he will stand. You see, we only have the chance of selling a customer seeds once a year; there is only one planting time in this climate, which lasts about six weeks; so the question of negotiating for these seeds is very broad, and, as they have no ascertained market value, it is largely what your customer will stand for the seeds that determines your price.

Q. Do you argue that some of the quotations received by you are different from those received by other houses?—A. Yes; the prices charged other people for the same goods proves it.

Q. This house of Cooper, Taber & Co. is a well-known house abroad?—A. Yes; they are in England. We have about six or seven houses in Europe that we deal with.

Q. They are selling to other people in this country as well as to you?—A. Yes; their traveler was recently in the country, but was stricken with appendicitis in Boston and his son has come over to take his trip.

Q. Is it not true that probably the same grade of Wakefield cabbage seed they sell to you they also sell to other people in this country?—A. They may or they may not; as a matter of fact, all the cabbage seed that they deliver to D. M. Ferry & Co. has been grown from what we call "stock seed" of our own, and may be substantially the same as the seed they deliver to other American houses, and then, again, it may be very different. It may or may not be the same.

Q. And that also applies to all these other varieties?—A. Yes.

Q. Are not all of these standard varieties peculiar to these houses?—A. No; that is, rather rare; one variety peculiar to one house particularly may be a developed stock; for instance, the Jersey Wakefield cabbage is an article known in this country and not sold in Europe. It is an American variety entirely, and very largely grown on the southeastern Atlantic coast and shipped up north. Our own stock of it is the result of development extending over the last twelve years.

Q. (By Judge Waite.) Is it adapted to your section of the country?—A. I do not think it is adapted as well as to the Atlantic coast. It is chosen because of its earliness, solidity of head, exact conical shape, and absolute uniformity and regularity. It is a beautiful variety.

Q. (By Mr. Washburn.) This Cooper's Champion Parsnip is a well-known variety recognized in the trade?—A. It is known, of course. All seedsmen put their own names to it because that generally signifies a selection of their own development.

Q. Then a house like Cooper, Taber & Co. do grow seed which you supply them, or they supply you with seeds selected and grown by themselves?—A. Yes. I will further say that of all of our importations last year of these vegetable seeds, 99½ per cent were produced either from seeds, stock seeds, originally sent over to the other side, or from stocks of their own development on the other side with which we were satisfied, and 1½ per cent represents purchases made from shippers.

Q. Some of the 98 per cent were seeds grown from stock of the firm from which you purchased them?—A. Yes.

Q. What proportion was that?—A. That would be a hopeless task.

Q. Approximately?—A. Could not say.

Q. Is it one half?—A. Can not answer, for the reason that I would have to analyze a thousand different items perhaps in order to give an intelligent guess

myself. We have sent year after year seeds of our early red onions to Europe, originally to Vilmorin-Andrieux & Co., whose stock of them is substantially the same as our own, and we have continued to receive that item from them. * * *

Mr. KIRCHNER. Possibly Mr. Bowen speaks here of the testing of these different seeds. It seems that the value of the seed depends very largely upon the house that produces it. It is important for a seed dealer to know whence the seeds come and the stock from which they were produced; and therefore to say that a Wakefield cabbage seed imported at 100 shillings per hundredweight is the same kind of a Wakefield cabbage seed that was imported at 80 shillings a hundredweight is an error, but the error is not so obvious to the purchaser. Each purchaser has to be educated up to the requirements of the case and has to thrash the same old straw over and over again. [Continues reading:]

Q. Now, assuming that 1,200 pounds of Jersey Wakefield cabbage were sold to your firm in this country produced from stock of Cooper, Taber & Co., you say that the fact that you had supplied the stock would not affect the price sensibly?—A. Yes. The fact that we supplied the stock would make a large difference to us in the value of the seed after we received it.

Q. That does not explain your invoice, which gives it to you at 84 shillings, and in the other man's 170 shillings?

Prima facie it is the same thing, but yet it may be very different. [Continues reading:]

A. That they are vegetable seeds is the explanation.

Q. That is the explanation?—A. The explanation is simply this: The Jersey Wakefield cabbage is an American article and Cooper, Taber & Co. have no way of disposing of their product in Europe except to American customers. The great majority of American buyers do as we do; that is, order it in advance for several reasons. One to be sure of their stock, and in a business like ours that is very necessary. And we must also have to take care that we have no large excess, for there would be no demand for it. So it happens when a man has just a little left over one can get almost any price that he might ask for it.

The CHAIRMAN. Is that the same year?

Mr. KIRCHNER. Yes, sir; practically within the same week.

That is a most extraordinary statement on the face of it; so Mr. Washburn asks [continues reading:]

Q. Ordinarily that is not the doctrine which applies to a surplus? I mean that if a man had a surplus or excess that excess would be disposed of at a cheaper price.—A. No. If a man had a little surplus on hand, say 100 or 500 pounds, he will not tell everybody that fact; he will keep his own counsel and get what he can for it, and that is why I testify that there is no criterion, no open-market value, or no exchange where these goods are dealt in where the price would be fixed, as in timothy seed, rape seed, clover seed; that each lot is the subject of individual negotiation in each special case; that it is a matter of negotiation entirely.

The CHAIRMAN. I can get the information I asked you for, about the average price of these articles. I will get that difference and you need not trouble yourself about that. I can get that from the Treasury Department.

Mr. KIRCHNER. Thank you, very much. [Continues reading:]

Q. Does it ever happen that you pay twice as much for a given lot of seeds than your competitors?—A. Worse than that; we paid for one given lot of celery on contract two and one-half times what we paid another man on contract for the same identical article.

Each was entered at the invoice price. No wonder that a purchaser who was not familiar with the matter would question the verity or bona fides of one of these entries. [Continues reading:]

Q. What do you think the cause of that?—A. Well, we bought in each case at the best price we could make at that time and we wanted some of the celery from Italy and some from France.

Q. (By Mr. Kirchner.) In your testimony do you explain how you exported from the same house the same kind of seeds at different prices within a short period of time?—A. Yes; for instance, we have a contract with a firm for certain seed, and we have taken the quantities that we negotiated for and then find that we could use more; if we find that we must pay an advanced price in order to get the seed that we want we would rather pay the high price than take any chance with another man's goods we know nothing about. That is why I say that the question of price in vegetable seeds is the most variable thing that may well be imagined.

Q. (By Mr. Washburn.) What proportion does your importations represent to the importations received into the United States?—A. I do not know beyond what I have been told in time past that our dealings with Vilmorin, Andrieux & Co., generally amounting to \$75,000 to \$100,000 annually, represent about half of their total production; they grow also for their domestic trade. And of course Vilmorin, Andrieux & Co., is only one; we deal with six or seven different people in Europe, but our negotiations with these people are larger than all the rest.

Q. Has it ever happened that Vilmorin, Andrieux & Co. have supplied you with certain seeds at 50 per cent below the price to other houses?—A. You might just as well make it 100 per cent; but that is impossible. What I mean is that they may ask somebody else twice as much as ourselves. Why, I have known their traveler to come to me and ask if we wanted to buy any "Winnigstadt" cabbage. "Well," I answer, "I don't know; how much have you?" "Well, 30 hundredweight." "What is the stock grown from?" "Our own stock; first class in every respect, like the stock grown for you this year." "Well, what price can you make us?" Such and such a figure, perhaps more than our contract price, perhaps one-fifth more. I say, "We will take a ton of it." He only had 30 hundredweight of it, and he sold us a ton at 20 per cent advance on the contract price, or perhaps 50 per cent; it depends upon what you agree to. The next day he goes to Chicago and the man then had only 1,000 pounds left. He finds a man who wants 500 pounds. He says to himself, "Here, I sold D. M. Ferry & Co. a ton at such and such a price, say \$1, I think I will ask him \$1.50." And he gets \$1.50. Now, which is the market price—the Chicago, at \$1.50, or the Detroit, at \$1?

Q. (By Mr. Kirchner.) I call your attention, Mr. Bowen—

Whenever you have enough of this I shall be glad to stop, but I think this testimony shows more clearly the situation than any other statement could.

Mr. DALZELL. The chairman has already said that if the committee finds it practicable to put in specific duties instead of ad valorem duties it will do so, and is asking the Treasury Department to work out figures, and it seems to me we have promised everything you ask for.

Mr. GAINES. And I think we are almost convinced that the market price is almost impossible to ascertain.

Mr. CRUMPACKER. You can leave that for the record.

Mr. KIRCHNER. I am obliged to you. I was perhaps a little dull in failing to grasp the import of the remark made by the chairman.

CANARY SEED.

[Paragraph 254.]

C. ROSENSTEIN COMPANY, NEW YORK CITY, THINKS IF A DUTY
BE PLACED ON THIS SEED IT SHOULD BE SPECIFIC.

NEW YORK CITY, *December 16, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: As importers and dealers in canary seed, we beg to submit to you the following facts relative to this article:

1. Previous to the enforcement of the Dingley bill, canary seed was always specifically mentioned on the free list.

2. In the Dingley bill all other bird seeds are specifically named on the free list, hence we naturally assume that it was through error or omission that canary seed was not also placed thereon. Not being specially provided for, it is subject to a duty of 30 per cent ad valorem under "Seeds of all kinds not specially provided for in this act." (Par. 354.)

3. At the present time the duty amounts to about 40 cents per 100 pounds. The average annual importations during the past five years have not exceeded 1,500 tons per year. The seed is consumed almost entirely in the families of the poor who keep birds.

4. While it is botanically a grass seed and is known as such commercially in the various countries of production, in the United States it is known in commerce only as a bird seed, owing to the fact that the climatic conditions are such that it can not be grown to advantage here.

5. Should your committee place canary seed on the dutiable list in the new tariff bill the duty should be specific. Under an ad valorem duty one importer may be paying more duty than another, notwithstanding that the two shipments are made at the same time. For example: A & Co. buy seed in December for January shipment. After their purchase the market declines. At the decline, B & Co. buy January; hence they pay less duty. Under these conditions B & Co. have a decided advantage over A & Co., which would be eliminated if the duty was specific.

Respectfully submitted.

C. ROSENSTEIN COMPANY,
LOUIS ROSENSTEIN, *Treasurer.*

TEAZLES.

[Paragraph 256.]

**McLAUGHLIN BROTHERS, OF SKANEATELES, N. Y., ASK THAT A
SPECIFIC DUTY BE PLACED ON TEAZLES.**

SKANEATELES, N. Y., *January 5, 1909.*

WILLIAM K. PAYNE,

*Clerk Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: Your esteemed favor of the 1st instant is received. The present duty on teazles is 30 per cent ad valorem. If any changes are made in the duty on teazles, it should be changed from ad valorem to specific duty, because under the present ad valorem duties the French importers undervalue teazles.

They do it by the principals in France invoicing to their agents in New York at what they call their cost price; then afterwards the agent in New York will charge the American mills an advanced price, they at the same time underselling the American teazles. They can do this because the price of the labor in the south of France is lower than what the Onondaga County teazle growers have to pay for their labor in the State of New York. Teazles are a biennial, requiring two seasons to mature. It is not very heavy, laborious work to grow teazles, and in the south of France, where they are largely grown, women do all of the work in the teazle crop, while in Onondaga County the work is done wholly by men.

The seed is sown about the 5th of May and during that first year the plants have to be thinned out so that they will stand about 8 inches apart in the rows, which is very tedious and slow but light work, and most suitable for women labor.

The first year the seed forms a plant which goes through the winter, if the land is well underdrained, by not being winter-killed. In the south of France, where teazles are grown, they never have any snow or winter, so that underdrainage is not necessary. The second year the plant forms a bush with branches growing from 4 to 6 feet high, and on the end of each branch or stalk is a teazle head. The teazle crop is harvested in August of the second year after the seed is sown. After the teazles are cured they are taken into the teazle shops and are handled one by one in clipping off a beard that grows around the base of the teazle head. For this labor we pay 16 cents per 1,000 heads in the State of New York, and our competitors in the south of France for the same labor of clipping the teazles pay 3 cents per 1,000 heads. We have been in the teazle-growing districts in the south of France, so that we do not speak from hearsay. The work there is done wholly by women and girls, and here it is done by men and boys during the winter months, and they do not earn more than \$1 per day working by the piece. We are not able to force wages lower than \$1 per day for the teazle clippers. After the teazles are clipped the crop is sorted into about a dozen different sizes, and not one-half of these sizes are used in America. For instance, the Auburn Woolen Company, our neighbors, used to use these small teazles; now they do not use any teazles whatever, since they changed from making woolen cloths to making worsteds.

Teazles are not used on worsteds. These small sizes that are not used by the mills in America we have to send to the mills in England, Holland, Scandinavia, and Russia, where they are largely used and are in great demand. The sizes that are used in this country are for finishing heavy woollens, like overcoatings, and for bed blankets. For this trade our south of France competitors can undersell us unless our labor is protected by an import duty.

The small sizes that we send there must be sold abroad, as they would never be used in America, and they must compete in prices with the French teazles. The sizes that the French people send here to America are large teazles, for which there is a poor demand abroad, and if we are forced to compete with the French growers without any protection it will utterly ruin the teazle business in America because of the difference in wages paid abroad and paid in America. There is no mechanical contrivance that has ever been invented yet that will lower the cost of production in any country in growing teazles.

The French Government has assisted the teazle growers in the south of France very much by establishing irrigating canals under the River Durance, so that the growers there can flood their teazle fields every night.

The richest firm in the south of France is rated at 80,000,000 francs, or \$16,000,000 United States money. That is a very large capital to compete against.

We can go to Washington to give you further information if you want us.

Yours, respectfully,
McLAUGHLIN BROS.,
*Growers of American, Merchants in
 English, French, and Austrian Teazles.*

LENTILS.

[Paragraph 257.]

**THE LENS COMPANY, PITTSBURG, PA., RECOMMENDS THAT
 ORIENTAL LENTILS BE PLACED ON THE FREE LIST.**

525 THIRD AVENUE, PITTSBURG, PA.,
December 30, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We respectfully request your committee to recommend the placing of oriental lentils upon the free list, and the imposition of a protective rate of duty upon manufactures of oriental lentils. The situation in regard to the importation of these articles and our relation thereto is at present as follows:

LENTILS.

Referring to small sample bottles sent herewith they contain, as follows:

No. 1. Oriental lentils. Grown in Egypt, India, Syria, and Arabia, with hulls on as they are shipped to us, but cleaned of the dirt and

foreign substances they always contain. Their peculiar qualities are due to soil, climate, and environment. They could not be grown to advantage in the United States.

No. 2. Oriental lentils. Same as No. 1, but with hulls removed. We get them sometimes in this condition, governed in so doing by market price and conditions.

No. 3. Product of No. 2. Known in the trade as "lens diet" (lens is the Latin name for lentils). Lentils in their crude state are nutritious but highly difficult of digestion. We put them through a special process, occupying about ten days, in which chemical and physical changes take place in the lentils and they become easy of digestion and very delicate, retaining all their nourishment. They are then ground into a very fine flour, packed in cans, and sold in that state for the use of invalids and persons of weak digestion.

No. 4. German or European lentils, as imported with hulls on. They are brought into the United States in large quantities and chiefly used by Germans, French, and Italians, who formerly used them abroad. They cook them into a soup or porridge, hulls and all.

No. 5. German lentils, with hulls removed. Note that they differ entirely from oriental lentils, being larger, of a different color, and different taste. They are somewhat coarse and rank, while the oriental lentils are delicate and sweet. The German or European lentil is totally unsuited to our purpose.

Incidentally we have traced the use of lentils back about 10,000 years, and they were probably the first plant brought under cultivation by man. Esau sold his birthright to Jacob for a mess of "red pottage" (Genesis xxvi), which was made of these same oriental lentils, still grown and harvested in the primitive and slovenly way it was done thousands of years ago.

Food value of our product.

Lens diet, as is shown by the analysis herewith, has four times the nutritive value of lean beef, and being infinitely easy of digestion and assimilation is about eight times as effective in nourishing the sick. The diet of sick persons is of the utmost importance, and is becoming more and more recognized of late.

The medical profession finds it difficult to obtain a bland, neutral, highly nutritious form of food that may safely be used in cases of malnutrition, digestive disturbances, and in those diseases where high nutrition is demanded, but where ordinary forms of food lead to distress or danger. Lens diet seems to meet this want, and all our business so far has come from its use by physicians. But the general public is hard to interest in such matters, and the cost of introduction and exploitation up to the present time has greatly exceeded the returns from sales. We therefore need every immunity from tax or expense possible to secure. We are doing much good, but losing money doing it.

Import duties.

At present lentils of every kind, with hulls or hulled, are taxed (under par. 257 of the act of 1897) a rate of 25 per cent ad valorem. Under the foreign board of trade ruling the grower or merchant is allowed to include with the lentils $7\frac{1}{2}$ per cent of dirt and foreign

substances, but as a matter of fact they contain never less than that amount and often as much as $12\frac{1}{2}$ or even 15 per cent. We pay the pound price for this waste and the duty is also assessed on that sum. They also lose about 20 per cent in weight of moisture they contain, due to the process through which they are put by us, upon which duty also has been paid, all of which seriously increases their cost. We also have foreign competition to meet, as exactly the same product as our is manufactured abroad and shipped into the United States in cans of various sizes, upon which a duty of 20 per cent is taxed, it coming under section 6, act of 1897—"Buckwheat and other flours," etc. The English maker is therefore enabled to undersell us about 10 per cent, which is now being done. In England there is no import duty on lentils, and cans and labor are cheaper than here. We require protection, therefore, against this state of affairs if our business is to continue. It does not seem quite equitable that we should pay 25 per cent duty on our raw material while the finished product enters at 20 per cent.

Our factory.

We have built and equipped our factory here in Pittsburg for making this product, and employ from 10 to 25 persons, skilled and unskilled. We consume quantities of tin cans, paper, printed matter, and packing cases, all of domestic production. The business was established in 1842, the finished product being imported, was discontinued in 1870, and revived some three years ago as a manufacturing company. We are an "infant industry," making a most energetic effort to get firmly established, and we need to have every obstacle removed that is possible.

To retain the duty of 25 per cent on European lentils and allow oriental lentils to enter free would be evidently unfair to the importers of the former. To allow all kinds to enter free would deprive the customs of a considerable sum. If this sum is actually needed by the Government, we will continue to pay our share cheerfully, but in this event we feel that the protective duty of at least 40 per cent on manufactured oriental and other lentils should be imposed. We are trying to look at the matter with absolute sincerity and frankness.

We respectfully ask your committee to place oriental lentils upon the free list, and to impose upon manufactured products of oriental lentils a protective duty of 40 per cent, as we believe that amount would be necessary to give us our home market.

Asking your kind consideration of the foregoing, we are,

Yours, respectfully,

THE LENS COMPANY,
CHAS. H. READ, *President.*

PARSLEY.

[Paragraph 257.]

HENRY SCHUMACHER, JERSEY CITY, N. J., ASKS TARIFF PROTECTION FROM BERMUDA-GROWN PARSLEY.

JERSEY CITY, *December 1, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Would you kindly send me word about the tariff on parsley from Bermuda, as I am in the truck-farming business and have a lot of sash with parsley for the winter crop, but have a hard time selling it on account of this stuff coming from Bermuda. Could not you put a high tariff on it and protect us truckers near New York markets, as we have New Orleans to contend with; but then that is our own country, which is all right, but Bermuda is an outsider. Thanking you in advance for answer,

I remain,

HENRY SCHUMACHER.

SARDINES.

[Paragraph 258.]

E. A. KITZMILLER, PITTSBURG, PA., THINKS THAT THE DUTY ON SARDINES IS ALTOGETHER TOO HIGH.

PITTSBURG, PA., *December 14, 1908.*HON. JOHN DALZELL, M. C.,
Washington, D. C.:

I have intended for some time writing to you in regard to the duty on sardines—\$1.50 per case of 100 cans called $\frac{1}{4}$ oils—is entirely too great a difference to be sustained to-day, as far as protection is concerned. I refer now particularly to Norwegian smoked sardines, which for years were sold at high prices and considered a luxury, but within the past two years prices have declined until they can now be retailed at 10 cents per can and used quite largely on the tables of the laboring class.

Domestic sardines are sold to consumers at 5 cents per can; the cheapest Norwegian at 10 cents. It seems to me this is too great a difference for protection and that there ought not to be over \$1 per case duty instead of \$1.50, because of the fact that they are now being consumed largely by the class that we desire most to favor.

Yours,

E. A. KITZMILLER.

FRESH FISH AND CAVIAR.

[Paragraphs 258 and 261.]

THE WOLVERINE FISH COMPANY, DETROIT, MICH., ILLUSTRATES
SOME OF THE PERPLEXITIES OF THE FISH SCHEDULE.DETROIT, MICH., *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We have a good deal to contend with on account of paragraph 258, on imports of fresh fish from Canada to the United States, as the paragraph does not convey the meaning it was intended to.

The paragraph states that on fish received in boxes of less than 100 pounds the duty shall be 30 per cent of the value, and, according to our knowledge of same, this 30 per cent of the value on boxes less than 100 pounds was meant for fish that were not covered by the rest of the paragraph.

To give you an illustration: A short time ago we had a boat load of fish come from our fishing grounds at Fighting Island and it landed for customs on this side. The captain in charge of the boat had two or three empty bags in the boat, and for his own convenience he put 75 pounds of fish that were in bulk in the bottom of the boat into the bags. When they arrived the customs officers received the fish in the bottom of the boat as bulk fish and the three bags were classified separately, and we had to pay 30 per cent of the value on these three bags of fish and on the bulk fish we paid one-fourth of a cent a pound. Had the captain known of this he would have dumped the fish out of the bags and brought them in as bulk fish. On these three bags of fish, the value of which was \$18, we had to pay \$5.40, and at the one-fourth cent rate we would only have had to pay 56 cents.

We might also cite another case where we received 100 pounds of caviar in one keg and we paid three-fourths of a cent a pound duty on same, which amounted to 75 cents, and on the same day we received a shipment of 2 kegs of caviar containing 50 pounds each, and as they were less than 100 pounds we had to pay 30 per cent of the value of \$80, which was \$24 duty, and the other keg we got in for 75 cents; so you can see the meaning of this paragraph has been misinterpreted.

We submit this to your consideration so this paragraph may be changed to cover the meaning it was intended for.

We could cite several other instances where this law is conflicting, as we have had carload shipments of fish come in from Canada where there would be a few boxes that would contain from 95 to 97 pounds in each box and on account of the fact that they contained less than 100 pounds they were classified under the 30 per cent value and the boxes that contained 100 pounds or more were entered at the one-fourth of a cent rate.

Our interpretation of this paragraph is that the 30 per cent of the value clause is intended for small packages of fish put up in small quantities to be sold in these packages or boxes on the market, and

not for fish that are shipped in boxes, bags, or packages which are used to convey the fish from one point to another.

Kindly give this matter your careful consideration, and oblige,

Yours, truly,

THE WOLVERINE FISH CO.,
J. P. McBRIDE, *Manager*.

CANNED SCOTCH HERRINGS.

[Paragraph 258.]

CERTAIN IMPORTERS OF FISH, NEW YORK CITY, ASK FOR SPECIFIC DUTIES ON CANNED SCOTCH HERRINGS.

NEW YORK, *December 3, 1908.*

CHAIRMAN OF WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: For the last few years there has been considerable friction between importers of canned Scotch herrings and the customs authorities.

The present duty on these goods is an ad valorem duty of 30 per cent, and the trouble has at all times arisen as to the correct value of the goods at the time of shipment. There are many packers of these herrings; each one is competing against the other for business, and as a result there may be at the same time as many different values as there are exporters. Owing to this there may be several consignments arriving by the same steamer, each purchased and invoiced at a different price, and it is left for the appraisers to fix the market value of the goods at the time of shipment. Naturally, if the highest priced importation is accepted by them as the market value, every one of the other importers is obliged to pay not only the additional duty, but a heavy penalty, even though he has conducted his business legitimately and without the slightest intention to defraud.

The present petition is to suggest that the duty on these goods be made a specific instead of an ad valorem duty, thus removing all future annoyance.

There is absolutely no request in this petition that the duty be lowered to any extent, and the suggestion which we, the importers, make is as follows:

Add to paragraph 260: "Herrings, kippered or otherwise, preserved in tins, jars, bottles, or similar packages, $1\frac{1}{2}$ cents per pound, including the weight of all tins, jars, or other immediate coverings."

To illustrate how this would work out as compared with present duties, we give the following figures. The weight of the goods referred to is approximately 17 to 18 pounds per dozen, say:

	Cents
Seventeen and one-half pounds, at $1\frac{1}{2}$ cents per pound.....	26. 25
Present value of goods referred to is three-thirds at 30 per cent.....	23. 73
Value in recent years has been as low as two-ninths at 30 per cent.....	20. 00
Value has been as high as three-ninths at 30 per cent.....	27. 36
Fair average price on these goods one season after another would be about three-sixths at 30 per cent.....	25. 53

From the above figures it will be evident to your committee that we are quite willing that the same revenue should be obtained by the Government on the importation of these goods, and that our desire for a change from ad valorem to specific duty is entirely for the purpose of getting a sounder basis to work upon.

The signatures which follow include all of the importers of these goods in the city of New York.

Your obedient servants,

Alex. Roberts, jr.; Austin, Nichols & Co., per J. C. Mahlon;
Rosenstein Brothers (Incorporated), A. Goldmark,
president; Francis H. Leggett & Co., H. Brunie;
Meyer Cangy, 195-7 Franklin street; R. C. Williams
& Co., A. P. Williams; Maclaren Imperial Cheese
Company (Limited); H. W. Beaded; Mors & Co.;
B. M. Shipman; Neuman & Schwiars Co.; L. H.
Schwiars; J. M. McNiece & Co.

EXHIBIT A.

[Extract from Journal of Commerce of November 16, 1908.]

Although there is no concerted movement in importing grocery circles to attend the hearings at Washington Wednesday in the interests of tariff revision, it is likely that a number of prominent importers will individually appear and watch proceedings lest questions of interest to them arise. There are many directions in which the present tariff provisions are inadequate or unsatisfactory; and any purpose to correct them will be popular in the trade.

Importers of canned fish and vegetables are considerably interested in the schedules of their products, especially as to which system of tariff collections shall be applied—specific or ad valorem. In the tariff of 1896 many articles imported for the grocery trade were put on the specific basis, and now there is a strong movement in favor of adding others—in fact, practically all. The present penalties for undervaluation and the danger of inadvertently coming under ban is a constant menace to honest importers and has brought them almost unanimously to favor a specific rating.

Under the present practice the customs officials have a way of arriving at their own ideas of true values of invoices and impose fines for any undervaluation of goods from that standpoint. They permit the variation of 1 per cent, but beyond that there is a fine of 1 per cent of the value of the goods for every 1 per cent additional of variation. Thus, if an importer should undervalue 10 per cent he would be fined 9 per cent of the value of the goods in addition to the original duty. More than one reputable house has been caught this way, though perfectly innocent, and they are now completely at sea as to how to proceed.

There might be 20 firms importing the same lines of goods at about the same time, all varying in their ability to buy cheaply and therefore having goods at varying costs. Which shall be the basis of ad valorem assessment by the officials? It is useless to take the invoice as a basis. The goods might have been bought weeks or months before shipment—bought as futures, perhaps—at far different prices

from those obtaining at the time or port of shipment. The importer has no knowledge what value the Government proposes to use and must file his entry valuation before he finds out. If it does not agree with the Government's ideas a fine is forthcoming, justly or unjustly. The Government can not rely on varying invoice values because of the obvious opportunities presented for fraud.

In this predicament most of the importers have reached a conclusion—at least in the grocery trade, where values are subject to sudden changes—that a specific duty of so much a case, or tin, or pound, would be much more satisfactory than the schedule based on values. If they are heard at all, it will be one of the chief contentions raised.

FRESH-WATER FISH.

[Paragraphs 259 and 626.]

HON. ARTHUR L. BATES, M. C., FILES LETTER OF THE KEYSTONE FISH COMPANY, ERIE, PA., ASKING FOR NEW CLASSIFICATION FOR FRESH-WATER FISH.

MEADVILLE, PA., *November 16, 1908.*

HON. SERENO E. PAYNE, M. C.,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR MR. PAYNE: Inclosed find letter from my personal friends of the Keystone Fish Company, Erie, Pa., concerning a provision for duty on fresh-water fish imported from Canada. They ask for a specific duty of 1 cent per pound instead of the present rate of one-quarter per cent per pound and also to eliminate the proviso which exempts the product of the American fisheries. I will be very glad if you will give the matter a close examination, as I am sure you will desire to do.

Very truly, yours,

ARTHUR L. BATES, M. C.

ERIE, PA., *November 13, 1908.*

HON. ARTHUR L. BATES, M. C.,

Washington, D. C.

DEAR SIR: We would respectfully ask your attention to the question of tariff revision relative to the duties on fresh-water fish imported from Canada. The present duty on fresh-water fish is one-fourth of a cent per pound. The law, however, carries a proviso as follows: "Except the product of American fisheries." This proviso has enabled some importers to bring fish in free of duty, this being the case at the port of Sandusky, Ohio, of which we know positively. Very likely there are others of which we do not know.

Relative to the justice of imposing a higher duty on fresh-water fish, would say the Canadian fish are produced, first, with a much lower labor cost, averaging per season from \$1,200 to \$1,500 less for each tug operating with 6 men; second, the cost of the netting used averaging about \$500 less per tug, due to duty imposed on linen thread in this country. This cheaper netting which is used by Cana-

dian fishermen is mostly manufactured in the United States, and on account of rebates allowed the manufacturer on exported goods by this Government enables them to secure their fishing rigs at the above lower cost than tugs operating in American waters.

The average catch of tugs on Lake Erie per year's season is from 100 to 125 tons of fish. At the present rate of duty, one-fourth of a cent per pound, this would mean from \$500 to \$600 duty on each tug's catch. The difference of the cost of operating and the duty charged, you will note, is approximately from \$1,200 to \$1,500, the duty merely offsetting the increased cost of netting. Were this duty increased to at least 1 cent per pound, you will readily see the difference in favor of the Canadian fishermen would be about evened up.

The shipping facilities and the freight and express rates from Canadian ports to the markets of this country are practically the same as from the ports on the American side; consequently nearly all the fish produced on the Canadian side come to this country for consumption.

The present rate of duty on fresh-water fish amounts to about 10 per cent on the cheaper grades and 5 per cent on the higher grades of fish, while we note that most other American goods are protected with a duty of from 25 to 100 per cent.

We would therefore ask you to look into this matter and advocate at least a specific duty of 1 cent per pound instead of the present rate, and also eliminate the proviso "excepting the product of American fisheries."

Any further information you may wish will be gladly given you.

Yours, respectfully,

KEYSTONE FISH COMPANY,
A. J. WEIS, *Treasurer*.

FRUIT AND OTHER PRODUCTS.

EDWARD F. WOODWARD, REPRESENTING CALIFORNIA INTERESTS, TREATS OF VARIOUS SCHEDULES.

WEDNESDAY, *November 18, 1908.*

MR. WOODWARD. Mr. Chairman and gentlemen of the committee, we desire to correspond to the suggestion of the chairman of the committee and be as brief as possible. I shall not intrude any personal remarks in what I may have to say, but simply read to you a page or two of the report which gives us the proper credentials to appear before you. This report has been prepared by a committee called together by the governor of California for the purpose of taking into consideration the various industries of our great State. [Reads:]

SAN FRANCISCO, *November 12, 1908.*

To the Ways and Means Committee of the House of Representatives and to the Committee on Finance of the Senate of the United States Congress:

Anticipating that the Congress would, at an early day, take up the subject of tariff revision and that the Ways and Means Committee of the House of Representatives would, shortly after the November elections, assemble to consider the subject, the governor of California early in August this year called together

from all parts of the State representatives of the various industries likely to be affected by contemplated tariff legislation.

This call was largely responded to, the representatives meeting at San Francisco. A general committee was formed, composed in its personnel of persons directly interested as producers in the many and varied industries of the State. This general committee formed subcommittees to take up special subjects and report to the general committee. Many sessions have been held by these committees, both the general and special, and the subject has been given that consideration which its importance demanded.

This memorial to your honorable bodies has been prepared by the direction of the general committee and is designed to set forth briefly the conclusions reached and to embody the recommendations respectfully urged for your consideration and approval.

The recent election in the United States, in which the principle of protection to American industries was distinctly and unequivocally reaffirmed, justifies the assumption, we think, that the revision of the tariff will be made with that principle constantly in view. The present tariff law is entitled "An act to provide revenue for the Government and to encourage the industries of the United States," and this title, we suppose, will also express the purpose of the revised law.

No State in the Union is more vitally concerned in the application of the principle of protection to articles of domestic production than is California. In every schedule of the act of 1897 will be found articles grown or produced in this State which will be more or less affected by any duty that may be placed upon like articles of foreign production. These are the output of our mines, our coal fields, our petroleum and bitumen deposits, our forests, our farms, orchards, and vineyards, our flocks of domestic animals, our dairies, our fisheries, and our factories.

Some of the schedules in which our interest is common with that of many States have not been specially considered by the committee, for the reason that no person appeared before the committee advocating any change and for the further reason that the industries involved concern more deeply other communities; with their judgment and their efforts in securing reasonable adjustment of duties we shall be content. The schedules which the committee has not considered are:

Schedule B, earthenware, and glassware; Schedule C, metals, and manufactures of iron and steel; Schedule F, tobacco, and manufactures of; Schedule I, cotton manufactures; Schedule J, flax, hemp, and jute, and manufactures of; Schedule L, silk and silk goods; Schedule M, pulp, paper, and books.

The other schedules have had consideration in some of which many States are equally interested with us, while in others are included articles peculiar to California. It is to these last-mentioned schedules we more particularly address this memorial.

Now, Mr. Chairman, to mention what these schedules are to which we desire to address ourselves, I would say that they consist of Schedules D, wood and manufactures of wood; Schedule E, sugar, molasses, and manufactures of, which, we understand, was taken up yesterday; Schedule G, agricultural products and provisions, the fruit industry, citrus fruits, which will be presented to you by Mr. Call, of Corona, southern California, a large orange grower of that district. The subject of raisins will be presented by Mr. M. F. Tarpey, a gentleman who has some twelve hundred and twenty-five acres which he has cultivated, and olive oil by Mr. Johnson. Later, if you will be kind enough to give me an opportunity, I would like to say something on the question of hops; and also Mr. Klaber, who is here from Portland, Oreg., representing the States of Oregon and Wash-

ington, in which States the hop industry is a very large and important one.

(The exhibit submitted by Mr. Woodward follows:)

WASHINGTON, D. C.,
November 18, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: California possesses the only redwood forests on this continent. Our mountains contain vast forests of sugar and yellow pine, fir, and spruce. The subcommittee upon this schedule will be personally represented before the Ways and Means Committee and will present more fully the argument touching required duties to adequately protect the lumber industry. Some conception of the importance and magnitude of this industry may be formed from the following facts gleaned from the report made to the California general committee on tariff revision:

There are in the State, outside of government reservations, 2,360,000 acres of standing timber, with an estimated stumpage of eighty billions of feet. In 1907 the lumber output was fourteen hundred million feet. There is invested in mills and logging railways \$16,000,000, and \$1,650,000 in camp and logging equipments. Of \$16,000,000 expenditures, 80 per cent was in labor. There is invested in the lumber coastwise vessels \$30,000,000, and over two and three-quarter million dollars are expended annually in wages and one and three-quarter millions in supplies. This tonnage represents the entire coast tonnage north to Washington, but nearly all of it is controlled and 60 per cent is owned by California investors.

SCHEDULE E.

Sugar, molasses, and manufactures of.

The beet sugar industry is one of great promise in California. In 1888 the first beet sugar was reported and the production was 1,910 short tons. In 1897 it had increased to 35,280 tons, and in 1906 to 94,285 tons. No specific report was made to the general committee upon this subject, as the manufacturing interests are to be fully and personally represented before your committees. The feature of the industry which, however, must not be overlooked, while considering the interests of the manufacturer, is the interest of the grower of beets. He has no means of knowing the profit to the manufacturer. The grower is receiving for his beets about \$4.50 per ton at the factory, with a premium for excess per cent per ton of certain constituents of the beet. The grower is receiving but a fair profit under the most favorable conditions of soil and proximity to the factory.

We ask for such legislation upon this subject as will enable the factory to pay not less than present rates to the grower.

SCHEDULE F.

Tobacco, and manufactures of.

The tobacco growing industry has not reached important proportions in this State, although cigars are extensively manufactured here. The subject has not been taken up by this committee.

SCHEDULE G.

Agricultural products and provisions.

In nearly every item of this schedule from No. 218 to No. 272 the California farmer and orchardist are concerned. Many of these items are common to most of the States, but in some of them California has a peculiar and in others an exclusive interest. It is with these latter that this memorial will be more particularly concerned.

Fruit industry.

The dominant industry of California relating to the soil is now the fruit industry, and some of the most important of the fruits grown here have become possible through the fostering influence of a protective tariff, notably oranges and lemons, prunes, raisins, figs, nuts, and wines.

The combined shipments of our fruit products out of the State, principally to the American market, amount annually to over 90,000 carloads of 10 tons each, having an average value of \$1,000 for each car, or \$90,000,000.

Schedule G embraces a wide range of farm products. The reasonableness of the duties fixed by the act of 1897 upon competing farm products has not, so far as we can learn, been seriously questioned, and, with few exceptions, are no greater than by the acts of 1890 and 1894, and where an increase was given in the act of 1897 it was after full argument and upon convincing data, which still hold good.

The existing rates are by your memorialists strongly urged as just and reasonable. Where any changes are suggested they will be specially noted in this report, or will be personally presented by persons authorized to speak for the particular industry.

Citrus fruits.

Of the very large fruit industry of California which has in recent years become an important factor in supplying the American market, the citrus fruit stands at the head as a single product, amounting in value of output to nearly one-half of the total value of our fruit products, excluding the products of our vineyards. This special industry will be personally represented before your committees, and will not, therefore, be treated here at length. Citrus fruits are grown, in commercial quantities, as far north as Shasta County, quite extensively in Butte County and counties south to San Diego County, 843 miles south of Shasta County by rail.

There are between 9,000 and 10,000 individual growers of citrus fruits in the State, cultivating about 100,000 acres. We are now re-

ceiving a protection of 1 cent per pound duty upon foreign citrus fruits, which, in the opinion of our growers, can not be reduced without imperilling the success of the industry. Our principal competitor in lemons is Italy, and in oranges Italy and the West Indies; and Mexico, a near neighbor, may at any time become a strong competitor. In the countries named orchard labor ranges from 30 to 50 cents per day, while we pay \$1.50 to \$1.75 in California. There are special reasons why there should be an increase of one-half cent per pound on lemons, which will be fully shown to your committees by accredited representatives of that fruit. The report appended hereto presents the argument very fully.

Raisins.

The growth of the raisin industry in this State is a notable sample of the benefits to producer and consumer of a protective tariff. Before the California product appeared in the market in quantities foreign raisins had the entire trade. The price to the consumer was much greater than now and the quantity consumed much less. Raisins are now so plentiful and cheap that the market takes from us 90,000,000 pounds annually, while consuming only an average for the past ten years of about six and one-half million pounds of the imported article. The duty is now $2\frac{1}{2}$ cents per pound, which can not, with safety to the industry, be reduced.

Bearing particularly on the raisin industry is the importation of Zante currants, which in their practical use directly compete with raisins. Prior to 1897 the importations were very large. The act of 1890 placed Zante currants on the free list under a misapprehension that they did not compete with raisins and under the erroneous impression that they were not grapes. The necessity for placing a duty upon Zante currants became imperative if the raisin industry was to prosper and so, with all the facts before the Congress, a duty was imposed of 2 cents per pound—the raisin grower asking $2\frac{1}{2}$ cents. There should be no diminution of the present rate. With a duty of 2 cents per pound as now upon “currants, Zante or others,” the importation for the fiscal year 1907 amounted to over 38,000,000 pounds. What quantity of these was “Zante” and what “other” currants the available department reports do not disclose. From the other sources of information it would seem that most of these importations were Zante currants.

Plums and Prunes.

Prunes are a variety of plums which, when dried, are sweet and constitute the chief article of consumption of dried plums. They are, however, generally spoken of as prunes. It is not many years since the American market was wholly supplied from foreign countries. The prune-growing industry developed rapidly in its natural home here and, with 2 cents per pound duty upon the foreign product, has captured the American market. The price to the grower has varied from $1\frac{1}{2}$ cents per pound to $3\frac{1}{2}$ and 4 cents for equal quantities of 60, 70, 80, and 90 to the pound. The higher price has never been paid except when there was a short crop. The result flowing from the development of this large industry has been to supply the

American people with a healthful and delightful article of food at prices within the reach of all classes. While we now have the market for a product sometimes reaching 150,000,000 pounds, and are exporting to some extent, this satisfactory condition would quickly disappear if unrestricted competition were opened to the foreign producer and favorable crops abroad should make the American market desirable. The act of 1890 fixed the duty at 2 cents per pound; the act of 1894 at 20 per cent ad valorem and the act of 1897 at 2 cents. This is reasonable and we think should remain as it is.

Figs.

The duty upon figs is 2 cents per pound which, considering the increased cost of handling and marketing over that of prunes, is low enough. The act of 1890 gave 2½ cents per pound and the act of 1894, 1½ cents. Notwithstanding the duty, the importations have increased from 9,628,000 pounds in 1898 to 24,546,000 pounds in 1907. The fig industry is slowly developing in this State; if its progress is retarded by importations the growers have not made it known to this committee. We ask the retention of the present duty.

Fresh deciduous fruits, grapes and other.

The climatic conditions in California are such as give a carrying and keeping quality to fresh fruits, such as like fruits grown in other States do not possess. For this reason we successfully ship in that form nearly all of our deciduous fruits to eastern markets, as far as Boston and into Nova Scotia. We ship to these distant markets in some years 15,000 carloads of 10 tons each, including apples, pears, peaches, plums, cherries, apricots, nectarines, and several varieties of foreign grapes. In the appendix to this memorial, and part of it, will be found an interesting report of the subcommittee upon this subject. Broadly speaking, the present duties are sufficiently protective, but in one or two particulars some relief is believed necessary to properly protect the fruit industry. This necessity is clearly pointed out in the appended report. The competing fruits which severely affect the California fruit industry are the Almeria grapes from Spain and the universally distributed banana from the Tropics.

The report to which attention is called shows the figures for the statement that the Spanish grower can market his product in this country at lower prices than the cost to the California grower who ships the Tokay, Emperor, and Cornichon grapes. The Spanish grapes shipped into this country in 1907 are estimated to have been 1,000,000 barrels, while the shipment of California grapes for the same year was but little over twice that amount. The depressing effect of so large a quantity of foreign grapes competing with the domestic article must inevitably tend to depress the market prices for the home product.

The duty now is on "grapes in barrels or other packages, 20 cents per cubic foot of capacity of barrels or packages." It is asked that the duty be made specific at 2 cents per pound of grapes.

The influence of bananas is felt not only upon the sale of fresh fruit, but, as they come in during every month of the year, they inter-

fere with the sale of dried and canned fruit. The banana is a very popular and not expensive fruit, and goes everywhere in enormous quantities. The consumption in 1907 is estimated as amounting to 42,000,000 bunches, and for the current year it is believed will reach 50,000,000 bunches. Pineapples pay a duty, but we can not discover any duty laid upon bananas. An imposition of 5 cents per bunch would, in a small measure, tend toward keeping the home market for our fruits, and if not would afford some revenue, while not materially adding to the cost to the consumer.

The principal factors entering into the question in all the products mentioned are the greater cost of labor here, the remoteness from the great markets of our country, and the resultant greater cost of marketing these products. It may be added that the tillers of the soil are not the classes against whom alleged tariff extortions have been aimed; we hear no complaint that the farmer is overprosperous, nor that the direct benefits attempted to be given him by duties laid upon articles which he produces are burdensome upon the people generally. We venture to hope that the inevitable vicissitudes which attend his occupation constantly may not be augmented by taking from him the beneficent protection now given him.

Olives.

Especial attention is invited to the condition of the olive industry. An increase of duty is asked on olives and olive oil, namely, that a duty of 25 cents per gallon be placed upon all olives (green or ripe and dried or cured), and 80 cents per gallon on "olive oil other than for manufacturing or mechanical purposes." The present duty is 25 cents per gallon of olives "in bottles, jars, or similar packages," and 15 cents "in casks or other than in bottles, jars, or similar packages;" and on olive oil "40 cents per gallon; in bottles, jars, tins, or similar packages, 50 cents per gallon."

An examination of the facts set forth in the appended report upon the olive industry, on page 36, will make it apparent that the duties on these articles have been fixed with little regard for the principle of protection, and chiefly for revenue. Doubtless this came about because of the neglect of the grower to advise the Ways and Means Committee of the facts when making up the tariff files. By the act of 1890 the duty was 35 cents per gallon for olive oil "fit for salad," and by the act of 1894, 25 cents a gallon. The act of 1890 placed olives on the free list, and the act of 1894 placed a duty of 20 per cent ad valorem on them. The act of 1897 made but little change in the act of 1894 on olive oil or olives, while making substantial advances on other products of our orchards with a view to protection.

In 1898 the importations of dutiable olive oil amounted to 736,877 gallons, and in 1907 they had reached 3,449,517 gallons. The climate and soil of California give to the cultivation of the olive a range even wider than to the orange and lemon.

The tree is hardy and long lived; there are trees in this State known to be 150 years old. While grown only in California, in this country, it would be quite within the capacity of the State to produce all the olives and olive oil consumed in this country without displacing any other of our orchard products, if given protection sufficient to make the industry reasonably profitable.

In the early stages of olive planting in California very optimistic hopes were indulged in its success and profitableness. Large plantings were made in this hope. Later it was discovered that sophisticated oil—a combination of olive oil with nut and cotton-seed oil—had found its way into the market and was placed in competition with the pure olive oil produced here. The result was precisely what followed when oleomargarine came forward as butter—a condition in that particular promptly remedied by legislation.

It is true that a rigid enforcement of the pure-food law should operate somewhat similarly in the olive field, though it can not, for various reasons, do so in the case of the olive. The principal competing countries are Italy, Spain, France, Portugal, Egypt, and Greece, although Italy produces more oil than all other European countries combined.

The very full and instructive report appended hereto, pages 36 et seq., will answer every question bearing upon the cost of production and marketing of the domestic and imported article, the importance of the industry, and presents the facts showing that greater protection from foreign competition must be given if olive growing is to continue in California.

The writer of that report is a large grower and manufacturer and has kept strict account for several years of the cost of building an orchard, of its cultivation, and subsequent gathering and manufacturing of the crop and the receipts from the same. The writer of this memorial dug up five years ago an olive orchard of 40 acres, after ten years' cultivation, for the reason that the protection to the business was not sufficient to enable him to market his olives at cost.

Other growers still cling to the hope that relief may come and refuse to sacrifice their investments. The output of olive oil in California is now about one-tenth of the consumption in this country. We earnestly urge a careful reading of the appended report as clearly presenting the reasons for increased protection.

Hops.

The hop-growing industry of California is quite large, and is suffering, in common with that of other States, from present price of hops, which is below the cost of production. The subcommittee has presented a strong case for relief by a substantial increase in the tariff. Appended to this report, with reports upon other subjects, will be found the argument and reasons for an increase of duty which, it is contended, should be 24 cents per pound. It is shown that the heavy importations shut out the American hops to a large extent from the market, for the reason that 1 pound of the German and other imported hops is equivalent to $2\frac{1}{2}$ pounds of American hops in making beer; that while the foreign hop is not essential to the brewing of good beer, the brewers use it to the exclusion of the home product; that increased importation is largely responsible for the unhappy condition of the home market.

Four-fifths of the hops in this country are grown on the Pacific coast, in California, Oregon, and Washington. The State of New York produces most that are grown elsewhere.

The increase of duty asked is apparently large, but when the facts are considered, it is not too great. We are informed that the imported

article has sold on an average for 44 cents per pound during the past ten years. For the last three years American hops have sold for less than the cost of production and present prices are no better. It is true that, during the past decade, there have been occasional years when the American grower has prospered and enjoyed good prices; but, while he has suffered from disastrous fluctuations in prices, his foreign competitor has had a profitable market here, notwithstanding the duty of 12 cents per pound. His hop is put in the bale at much less cost than the cost to the American grower. His freight to the United States costs him five-eighths of a cent per pound, while the rate from the Pacific coast to eastern markets has been 2 cents per pound, now reduced to 1½ cents, pending the very low market price for hops.

The exact situation then is this: The American hop grower places his hops in New York at a greater cost than his foreign competitor, who has for ten years received 44 cents per pound for his hops, while the home producer has been obliged to sell upon a fluctuating market, often at less than cost at the hop yard. During this period importations have steadily increased from 2,375,922 pounds in 1898 to 10,113,989 pounds in 1906, and 8,500,000 pounds for fiscal year ending June 30, 1908. If the foreign producer has paid 24 cents duty he would have received a profit above cost of from 8 to 10 cents per pound.

During the past three years the American product has fallen off from 65,300,000 pounds in 1906 to 38,000,000 in 1908. It seems obvious that in this instance protection does not protect. Foreign-grown hops are urged upon our markets under the claim that 1 pound is equivalent for brewing purposes to 2½ pounds of the domestic product. If this be true, the duty should be laid with reference to that fact. There is something serious the matter with the hop situation which must find a remedy or the industry will have to be abandoned. Hop growing, unlike most forms of farming, can not be changed and resumed again without large expenditure and much loss of investment.

The present price of new American hops ranges from 4 cents per pound to 8 cents per pound. It is important to note that old hops deteriorate rapidly, which is shown by the present price of 1 or 2 cents per pound. While the foreign hop has sold for the average price—namely 44 cents per pound—the price this year has been about 30 cents per pound.

It may be interesting to state, as bearing upon the question, that but five-eighths of a pound of American hops are required to make one barrel of 30 gallons of beer, and that in a barrel of beer there are 600 glasses. It will thus be seen that the consumer is not appreciably affected by the increase of duty asked. ;

Nuts.

California sends to markets out of the State about 11,000 tons (22,000,000 pounds) annually of almonds and walnuts. There is now a duty upon almonds of 4 cents per pound unshelled and 6 cents per pound shelled, and upon walnuts unshelled 3 cents and on shelled 4 cents per pound.

Considering the value of these nuts in the markets of the world, the duty is relatively lower than upon the products of the orchard

generally and should not be decreased. It requires the best of our land and climatic conditions adapted to the almond and walnut to make them profitable. Most of the walnuts are grown in southern California, although many fine groves are in the northern part of the State. The almonds are mostly grown in the northern portion of the State. The Statistical Abstract of the United States shows that imports of almonds have more than doubled since 1898, the quantity for 1907 being 14,283,613 pounds. Walnuts were included in "all other" nuts prior to 1903. In that year the imports were 12,362,567 pounds and in 1907 amounted to 32,597,592 pounds, an increase in five years of 20,000,000 pounds. It will thus be seen that the present duty is no restraint upon importations of these nuts and that the American market consumes more than twice as many pounds of the imported article as are produced in this State.

SCHEDULE H.

Spirits, wines, and other beverages.

The product of the California vineyards is a very large factor in the agricultural activities of the State. While the curing of raisins and the shipment of fresh grapes to eastern markets constitute an important branch of our vineyard industries, the production of wine and brandy forms much the larger part. These latter will be personally represented before your committee. A brief statement of facts drawn from the appended report should be stated in this memorial.

The combined vineyard industry represents an investment of \$100,000,000, and the acreage of vines in the State is 250,000 acres. The yield of grapes will approximate 1,000,000 tons per annum, which, converted into wine, brandy, raisins, and for fresh fruit shipment, yields a value exceeding \$25,000,000. The accompanying report points out the comparative wages paid in foreign wine-producing countries and in the United States; the long-distance haul of our products to eastern markets; the influence of coöperation upon cost, which combined amount to nearly 10 cents per gallon advantage given our foreign competitors. It is also shown that importations have increased enormously under the present tariff, which demonstrates that the duty is not excessive.

A discrimination is now made in favor of imported sweet wines used in medicinal preparations, which the committee urges should be remedied.

Attention is called to present regulations by which the manufacturer of vermouth is placed at such disadvantage that the entire trade now goes to the foreign producer.

Other important facts are brought to your attention, furnishing, it is believed, convincing proof that the present duties are none too high, if the American industry is to continue to exist. If a maximum and minimum tariff rate should be adopted it is earnestly urged that the present prevailing rate should be the minimum.

SCHEDULE K.

Wool and manufactures of wool.

California is a large producer of wool and is deeply concerned as to the future of the sheep-raising industry. We are informed that the flock masters of the State will be represented personally before your committee, and for that reason they have made no report to this committee.

SCHEDULE N.

Sundries.

Appended to this memorial will be found an instructive report of the subcommittee on minerals. Reasons are given for an increase of the duty of \$3 per ton now placed upon asphaltum, and that a duty be placed upon chrome, soda, diatomaceous or infusorial earth, and magnesite, now on the free list.

Asphaltum.

There are 27 refineries of asphaltum operating in California, with an investment of \$2,500,000; they produce 100,000 tons of asphaltum annually and could largely increase this quantity if marketing conditions warranted it. California asphaltum won its way on merit in the eastern cities as against its Bermuda competitor under a protective duty, as now, when asphaltum sustained a higher price; but at present prices the refineries are compelled, in reaching the eastern market, to sell their surplus at about cost. The lowest freight rate to points east of the Rocky Mountains is \$10 per ton, as against \$3 to \$3.50 per ton to New York City paid by the Bermudez refineries. The cost here at the refinery is about \$9 per ton, and the market price in the Atlantic cities for the past two years has been as low as \$19 per ton, as against \$35 to \$45 per ton paid for Bermudez asphalt some years ago. The domestic product has helped to bring prices down, until some of the American refineries which have helped to bring this about are now shut out of some of the markets they have so greatly benefited. The committee having this subject in hand recommend that the duty be placed at \$5 per ton, and the argument in that behalf is commended to your earnest attention.

Soda.

With the largest soda deposits in the world, soda manufacture in California is reported as having practically ceased. Importations have increased from 175,000 long tons in 1900 to 349,000 tons in 1907.

Infusorial earth.

Infusorial earth is found in the States of California, Vermont and New York. The largest and purest deposit yet discovered in this country is in California, and there is sufficient here to supply the United States. The imports, amounting to 12,000 to 15,000 tons an-

nually, come principally from Germany. This article has many practical and important uses, which are pointed out by the report referred to, and should not be given over to the foreign market.

Chrome.

The chrome ore produced in the United States comes entirely from California. Some years ago several thousand tons of chrome ore were shipped east to be worked, but, owing to lack of low freight rates by water, the shipments have entirely ceased and the foreign producer of chrome has practically the American market. The consumption in the past ten years has amounted to \$1,441,753, as reported by the United States Geological Survey.

Magnesite.

Magnesite deposits are utilized in commercial quantities only in California. The importation for the past ten years amounted to \$4,275,441. Magnesite is used in the manufacture of carbonic acid gas, paper (wood pulp manufacture), and in making bricks. It has other uses in the building arts, pointed out by the appended report; the reasons for encouraging its production in the United States are fully given. We commend the subject therein treated to your careful consideration.

In submitting this memorial we desire to add that the aim of the committee has been to lay before your honorable bodies such facts as would aid the members in their multifarious and extremely arduous duties, and to show by reliable data and fair argument that the recommendations and requests here made and which will be made personally by accredited representatives of our industries, are based upon the reasonable and just requirements of the very large class of farmers and producers whose interests are involved.

Respectfully submitted.

N. P. CHIPMAN, *Chairman,*

T. C. FREEDLANDER,

A. L. CRANE,

California State Board of Trade.

At a meeting of the general committee on tariff revision held this day the foregoing report or memorial is approved, and it is advised that the same be laid before the respective congressional committees to which it is addressed, together with the various reports of subcommittees thereto attached.

It is further ordered that the memorial and its exhibits be printed for the convenient use of Members of Congress.

ARTHUR K. BRIGGS,

Chairman of General Committee.

DAVID H. WALKER,

Secretary.

APPENDIX CONTAINING REPORTS OF SUBCOMMITTEES OF THE STATE COMMITTEE ON TARIFF REVISION OF CALIFORNIA.

SAN FRANCISCO, CAL., *November 5, 1908.*

MR. ARTHUR R. BRIGGS,
*Chairman California Tariff Revision Committee,
 Ferry Building, City.*

DEAR SIR: The lumber and collateral interests in this State entirely outside of the government reserves that will be materially affected by the revision of the tariff on lumber comprise approximately:

Acreage.—Twenty-three hundred and sixty thousand acres of standing timber.

Timber.—Eighty billion feet of anticipated yield.

Production.—Fourteen hundred million feet output during 1907, the highest ever known, and at this rate the timber will not be exhausted in sixty years, considering growth, recutting, etc.

Investment.—Sixteen million dollars in mills and logging railways. Sixteen hundred and fifty thousand dollars in camps and logging equipments.

Expenditures.—Sixteen million eight hundred thousand dollars, 80 per cent of which is labor.

Vessels utilized in transportation of lumber.—Thirty million dollars investment; two million five hundred and eighty thousand dollars expended annually in wages; seventeen hundred and fifty thousand dollars expended in supplies. This item includes the entire coast tonnage and does not show the portion allotted to the transportation of the production in California alone, but nearly all of the tonnage is controlled and 60 per cent is owned by California capital.

Yours, very truly,

D. E. SKINNER,
Chairman Lumber Committee.

BRIEF OF FACTS CONCERNING CITRUS TARIFF.

[Presented to the Ways and Means Committee by a committee representing the Citrus Protective League of California.]

To the honorable members of the Ways and Means Committee of the House:

The Citrus Protective League of California is a voluntary association embracing substantially all of the people of California engaged in the growing and marketing of oranges and lemons. The undersigned is a committee appointed by the Citrus Protective League to present to your honorable body the facts concerning the citrus industry of California and herewith respectfully present the same for your consideration.

The data from which our computations are made being voluminous, only a portion thereof is appended, but it is all available and will be furnished to any member on request.

The conditions affecting the lemon and orange industries vary considerably and therefore they will be presented separately.

The lemon industry.

The present tariff duty on citrus fruit is 1 cent a pound. The experience of ten years has demonstrated that this tariff is sufficient to protect the orange industry but is not sufficient to encourage the lemon industry.

While the production of California lemons has increased during the past ten years, the percentage of home-grown fruit consumed in the United States has not materially increased. In 1901 67 per cent of the consumption was imported; in 1907 64 per cent; in 1908 2,231,125 boxes of lemons were imported into the United States, which was the heaviest importation in the history of the business and was an increase of over 400,000 boxes in excess of the importation of 1901.

Experience has demonstrated that California possesses the requisite soil and climatic conditions to produce lemons equal to any grown in Italy.

Lemons are a household necessity in all portions of our country, necessary to health and a comfortable existence.

The 2,000,000 boxes annually imported from Italy, if grown in California, would furnish continuous employment at good wages to 5,000 people, and would comfortably support 5,000 families in the United States.

All of the lemons required for consumption in the United States could and would be grown in California if the tariff duty was sufficient to equalize the cost of labor and transportation between Italy and the United States.

It is exceedingly important to the interests of California that this tariff duty be properly adjusted to admit of the just development of this industry. It is still more important to the whole people of the United States that this very necessary article of diet be produced at home to the end that the supply would be insured and that the prices be freed from the control of a foreign nation or the opportunity for combination of a few large importers.

It was found by the Interstate Commerce Commission in the Citrus Rate case, after the taking of much testimony, that it required eight years of continuous care and expense to bring a grove to bearing and that the average cost per acre of a grove in California at eight years of age was \$1,000. (See I. C. C. Rep., p. 594.)

These figures are still substantially correct as to the commercial value of a grove. Additional values are sometimes received for ground advantageously located for residential purposes, but as a general proposition California groves are worth for commercial purposes about what they cost to produce them.

Data have been secured from a considerable number of the larger growers who have kept accurate book accounts for a long series of years, situated in various districts of California, to ascertain the actual cost of producing a box of lemons in this State. While conditions vary somewhat and the items making up the cost are not uniform in the various districts on account of the difference in the cost of water and soil conditions, the average total cost is singularly uniform, varying from \$1.41 as the lowest price for an average of years to \$1.50 as the highest price. These figures represent the minimum cost, for

as a rule a large grove can be handled more economically than a small grove and the cost is usually cheaper in proportion to the production of the property. Among others, the people furnishing this information are the Corona Lemon Company, of Corona; W. H. Jameson, of Corona; Arlington Heights Fruit Company, of Riverside; the Lemon Growers' Association, of Upland; and N. W. Blanchard, of Santa Paula.

The average cost of a box of lemons in California, on cars ready for shipment, is \$1.48, which includes all the expenses of cultivation, water, fertilization, fumigation, picking, handling, packing and material used, and every item entering into the cost, excepting interest upon the investment in the groves and packing houses. Of this cost the amount expended for material is 48 cents, and the amount expended for labor per box is \$1. The cost of transportation to eastern markets is 1 cent per pound gross weight, or a total per box of 84 cents, making a total net cost per box, without interest, for delivering California lemons to eastern markets \$2.32.

We have authentic information from the American consul at Palermo, Italy, from John Triola, now the manager of the Flagler Company, at Corona, and other persons experienced in growing and shipping fruit from Italy, that the actual cost of labor in Italy ranges from a franc and one-half (30 cents) to 3 francs (60 cents) per day; that the actual cost in Italy of producing a box of lemons, exclusive of interest, is 75 cents, of which amount there is expended for material 50 cents, which includes water, fertilizer, and packing materials, and there is expended for labor per box 25 cents.

The rate of transportation to America per box is 25 cents, making a total cost, without interest, of a box of lemons from Italy in New York Harbor \$1, and after paying the duty, amounting to 84 cents, makes a total cost on New York market of \$1.84, as against the cost of the California lemon of \$2.32, or a difference in favor of the Italy grower per box of 48 cents.

According to our consul's report the average production in Italy is about 300 boxes per acre, which means that a grower in Italy can make per acre \$150, selling lemons at a price which would leave the California grower no returns whatever. From this situation it is very evident that one of three alternatives must occur—either the tariff duty must be advanced to a cent and a half per pound, or the price of labor must be materially reduced, or we as a nation must continue to eat foreign lemons.

The transcontinental railways realizing these conditions have made a lower freight rate on lemons to assist us in the unequal competition, to wit, 84 cents per box to the eastern market, instead of \$1.05 prior to November, 1904.

It is also a fact that in 1898 we had in orchard form 11,054 acres of unbearing lemon trees, while in 1908 there were only 2,074 acres of unbearing lemon trees in orchard form. This indicates what is well known in California, that tariff duties of 1 cent per pound have not been sufficient to encourage the planting of a large acreage to lemons, for which we have ample unplanted territory in California. Under the stimulus of an increased duty the setting of lemons would be so great that in ten or twelve years California would produce all the lemons consumed in the United States.

The evidence concerning the cost of producing California lemons will be furnished by the undersigned at any time or by any of the people before referred to.

Evidence concerning the cost of the production of foreign lemons will be found herewith appended, together with a statement showing the amount realized by California lemon growers during the present season for lemons sold at seaboard and adjacent points, where the California lemon comes into direct competition with the foreign.

The figures we have given as to the tariff duty paid on foreign lemons does not take into account the common practice of the Treasury Department in making a refund for decayed fruit, which frequently amounts to 20 per cent or more reduction on the tariff fixed by law.

The California grower receives no discount on his freight by reason of decayed fruit, which still further differentiates the cost.

There are approximately an average of 30 dozen lemons in a box. The present tariff amounts to less than 3 cents a dozen.

The lemon growers of California ask an increase of tariff duty of one-half cent per pound, which amounts to about $1\frac{1}{2}$ cents per dozen, or a total tariff of $1\frac{1}{2}$ cents per pound, amounting to 4.2 cents per dozen.

The orange industry.

The beneficent effect the tariff duty of 1 cent has had on the orange industry will be manifest from a very brief examination of the progress of the industry during the past eleven years. A full and comprehensive table showing these results will be found appended hereto.

In 1899 the importation of oranges amounted to \$1,097,596. In 1908 this amount had dwindled to \$275,060.

At the same time the people of this country have had cheaper oranges than ever before, for we are no longer at the mercy of the importers. We are also pleased to state that no people on earth ever ate any finer oranges than those from California. The consumption per capita during the past ten years has increased over 300 per cent, bringing health and solid enjoyment to rich and poor alike all over the United States. The industry affords employment to 15,000 people and furnishes a living to 75,000 people in a healthful, enjoyable locality. The competition from Porto Rico, which is becoming formidable can not be avoided, but the investment of large sums of money by American and Canadian capitalists in setting out a large acreage to oranges in Mexico and Cuba within the last few years, the product of which orchards can only be profitably sold in the United States should, we submit, be taken into consideration by your committee in retaining in full the present 1 cent a pound duty on oranges.

The cost of producing a box of California oranges, as gathered from a large number of growers and packers, exclusive of interest, is, per box, \$1.05, apportioned as follows: Cost of labor per box, 59 cents; cost of material used in growing and packing, 46 cents; cost of transportation to eastern market, including 10 cents for ice, 93 cents; total cost per box on eastern markets, \$1.98. Refrigeration costs 20 cents per box—for 1907 58 per cent of orange shipments were shipped under refrigeration.

The cost of producing a box of oranges in Italy is 65 cents, and of transportation to New York 25 cents, or total cost of foreign oranges in New York Harbor per box, 90 cents. They pay a duty per box of

72 cents, or a total cost on the market per box of \$1.62, or an advantage still in favor of the foreign grower of 36 cents; but, fortunately for California growers, the California orange is more popular than the foreign orange and will command a higher price, and therefore the orange industry in California has expanded and progressed much more rapidly than the lemon industry. But the orange growers of California still require the protection heretofore given and respectfully ask that it be retained.

Grape-fruit industry.

Grape fruit is not so generally consumed as are oranges and lemons. The cost of producing grape fruit in California is comparatively the same as the orange. The industry is undeveloped largely because of the limited consumption and the fact that Jamaica and Cuba can reach the eastern markets, where the consumption is greatest, at a much less cost of transportation than we can, and with their cheaper land and labor the competition at present is unfair.

We ask that the present duty of 1 cent a pound be retained, and believe that as consumption increases we can increase our output from California to meet the increased demand of markets not immediately adjacent to seaboard points.

The general situation of the citrus industry.

In order to remove any false impression concerning the general status of the citrus industry in California full data has been gathered together concerning the total number of acres in California devoted to citrus fruits. The total number of boxes of fruit produced each year, the total cost of producing the fruit, the net average profit per acre for the last eleven years, and the result of these figures will be found appended hereto. A detailed statement covering all sources of information will be furnished on request. The results of these figures show that during the last eleven years an average California grower has received 4.3 per cent interest on his investment. Conclusive proof that these figures are substantially correct is found in the decision of the Interstate Commerce Commission heretofore referred to, wherein it is found that a California grove is only worth what it costs to produce it. If it was the gold mine which California real estate dealers and some of the importers interested in reducing the tariff would have the country believe, the value of a grove would certainly be greater than its cost after ten years of continuous effort and care in producing it.

Respectfully submitted.

B. A. WOODFORD,
Claremont, Cal.
C. C. TEAGUE,
Santa Paula, Cal.
C. C. CHAPMAN,
Fullerton, Cal.
A. G. KENDALL,
San Bernardino, Cal.
A. F. CALL,
Corona, Cal.

EXHIBIT A.

Citrus industry in California for eleven years—Average production, selling price, cost of production, and profit of an average grove per acre.

Variety.	Acres.	Boxes produced.	Total boxes.	Average price per box f. o. b.	Gross average per acre.	Producing cost per acre without interest.	Selling cost per acre.	Profit per acre.
1898—Oranges-----	30,193	5,371,000	5,734,800	\$1.25	\$191.00	\$172.00	\$9.00	\$10.00
Lemons-----	6,518	363,800						
1899—Oranges-----	34,996	3,628,000	3,909,800	1.72	154.00	101.00	5.00	48.00
Lemons-----	8,672	281,800						
1900—Oranges-----	39,146	6,283,000	6,734,500	1.70	228.00	151.00	8.00	69.00
Lemons-----	10,827	451,500						
1901—Oranges-----	43,162	8,459,500	9,371,800	1.22	203.00	190.00	10.00	3.00
Lemons-----	12,979	912,300						
1902—Oranges-----	47,245	7,499,900	8,378,500	1.68	225.00	153.00	8.00	64.00
Lemons-----	15,119	878,600						
1903—Oranges-----	48,036	8,498,800	9,265,300	1.29	191.00	168.00	9.00	14.00
Lemons-----	14,412	826,500						
1904—Oranges-----	52,251	10,306,200	11,174,200	1.09	198.00	205.00	11.00	18.00
Lemons-----	9,226	88,000						
1905—Oranges-----	59,828	10,538,200	11,871,700	1.37	231.00	193.00	10.00	28.00
Lemons-----	10,399	1,333,500						
1906—Oranges-----	67,405	9,170,700	10,352,900	2.11	276.00	149.00	8.00	119.00
Lemons-----	11,572	1,182,200						
1907—Oranges-----	85,738	9,908,000	11,005,300	2.00	221.00	126.00	7.00	88.00
Lemons-----	13,478	1,097,300						
1908—Oranges-----	104,073	10,486,000	12,071,000	1.75	170.00	114.00	6.00	50.00
Lemons-----	16,718	1,585,000						
Total oranges-----		90,089,300	99,869,800	1.56	208.00	156.54	8.27	43.19
Total lemons-----		9,780,500						
Average-----								

^a Loss.

Total profit on investment, \$43.19 per acre. Average cost of 1 acre, \$1,000. Average interest on amount, 4.3 per cent.

EXHIBIT B.

PALERMO, ITALY, September 12, 1908.

The Citrus Protective League, 829 Hellman Building, Los Angeles, Cal.

DEAR SIRS: Replying to your letter of inquiry of August 20, regarding cost of land on which oranges and lemons are grown, cost of labor, freights or ocean rates, and value of product at port of shipment, I beg to furnish you as below with the information desired.

The unit of land taken as basis of calculation is 1 hectare, equal to 2.471 acres of land.

- (1) Cost of the land about 12,000 lire, equal \$937.50 per acre.
- (2) Approximate annual product from the above, 750 boxes containing 250,000 single fruit.
- (3) Approximate annual cost of the labor for the above, 800 to 900 lire, equal to from \$154.40 to \$173.70.
- (4) Ocean freight rate to the United States, 24 cents per box.
- (5) Average value of the product at port of shipment, \$641.72.

I beg to remain, gentlemen, very truly, yours,

WM. HENRY BISHOP, *Consul.*

EXHIBIT C.

CORONA, CAL., November 5, 1908.

Mr. A. F. CALL, *City.*

DEAR SIR: Referring to our conversation in which you asked me to give you some information regarding the cost of growing and marketing lemons in Sicily, will state that I was in the Sicily fruit business as a grower, packer, and shipper for eight years, from 1891 to 1899, and during that time shipped approximately 1,000,000 boxes of Messina and Palermo lemons.

The cost of growing lemons in Sicily is small as compared with California.

First. On account of labor charges. Second. On account of apparent need of less fertilizer. Third. On account of extremely low cost of water, which can be found in almost any grove on the plain of Palermo or Messina at a depth of about 20 to 30 feet, which does not necessitate any investment in long pipe lines, storage dams, or maintaining costly water systems, but each group of growers, amounting to sometimes 100 acres, dig a well and use the water mutually. Fourth. Because of a larger production per acre, the reason of which I do not know, but presume it is on account of the absence of extreme climatic changes and a steadier rainfall.

Taking what would be a 10-acre grove, that is, a piece of land planted to from 800 to 1,000 trees, the actual cost for the year would be about as follows:

Irrigation, four, from June to the latter part of September, rainfall usually begins in good quantities by October 15. Each irrigation would cost as follows: Eight men four days making basins, at $1\frac{1}{2}$ francs to 2 francs per day; the maximum pay for this class of labor is 2 francs, or 40 cents, and I will figure on the maximum basis of 2 francs, making \$12.80 for basins. Irrigating, two men two days, \$1.60. Breaking ground, eight men four days, \$12.80, which makes actual cost of each irrigation \$27.20. With four irrigations a year, would make \$108.80 for soil care per year. The rate of labor, as figured, is so high that it would pay an extra irrigation whenever same is necessary.

Pruning.—This can be done for about one-fifth of the cost of pruning in this country, taking into consideration solely the rate of labor, which for a good pruner in Sicily would not cost over 50 cents, and in California would cost \$2 per day and upward for about nine hours' work, whereas in Sicily the work is from sunup to sundown.

This item on the 10-acre grove in Palermo would probably not amount to over \$20 to \$25 on a 10-acre grove, figuring a man could do around 20 trees per day.

The total of pruning and taking care of the soil on a 10-acre grove in Palermo would not amount to over \$135 per year.

Picking.—The expense of picking can be easily estimated, as compared with our picking in California, by simply stating that the picker receives as a maximum wage 2 francs, or 40 cents, per day, with working hours from sunup to sundown, whereas in California we have to pay from \$1.75 to \$2 per day for nine hours' work for practically the same results as regards the quantity of lemons picked per man per hour.

Transportation from grove to packing house is cheaper than we can do it in California, as the maximum pay of a teamster is 2½ francs, of 50 cents, per day. Horse feed is just as cheap as in this country.

Talking of horses brings to mind the fact that no horseflesh is used in cultivating groves, which is all done by hand, with a kind of an extremely heavy hoe; so maintenance of horseflesh is not an item that the Sicily grower figures on.

Packing.—The method of sorting and packing is practically the same as in California, with the exception that more care is used in sorting out any bruised fruit from fruit to be shipped. The difference in the cost of packing can be more readily figured from the basis that the women sorters in Sicily receive 1 franc per day, equal to less than 20 cents, whereas in California we pay them \$1.25 to \$1.50. Packers in Sicily are men, who receive a maximum wage of 3 francs per day, equal to 60 cents, whereas we pay men and women packers in California from \$1.75 to \$2.25 per day. Ordinary man labor around the packing house is paid 2½ francs per day, equal to 50 cents, whereas we pay \$1.75 to \$2 for the same work. The results of the labor of sorters and packers in Sicily as to the number of boxes sorted and packed would be practically the same as the same number of men and women would do in California.

Their shook and paper costs approximately within a cent or so per box of what we pay for shook and paper, so the charges for packing can be easily estimated when the rate of labor paid there is known.

Transportation.—The writer was actively engaged as managing director for the Trans-Oceanic Line for seven years and knows about what it costs to transport fruit. Practically all fruit is brought to the United States in chartered steamers. The charter price is figured out so that it will cost on an average of about 10 pence, or 20 cents, per box, actual cost from Palermo or Messina to New York or coast cities, New Orleans running slightly higher. The shipper is charged 1 shilling 4 pence, or 33 cents, per box, on which he averages a rebate of around 5 or 6 cents, and the balance of course being profit to the charterer and transportation companies, which makes the actual cost to the shipper from Sicily ports over the Atlantic to ports in the United States of around 25 or 26 cents per box. This, as compared to California's 84 cents, shows a vast difference in favor of Sicily.

Fertilizer.—In Sicily, as in California, this is an item that rests solely with the opinion of the grower, but I will say that commercial fertilizers, which are mostly imported from England and Germany, do not cost on an average of over 50 per cent of what they do in this country. This of course is due to the fact that the German and English labor which goes into the making of fertilizer is paid a very small percentage of the same class of labor in the United States, and it does not seem necessary in Sicily to use as much fertilizer to obtain the same results as it does in this country. I have known of a grove of 12-year-old trees, 20 miles from Palermo, which never had a pound of fertilizer, that was bearing at the rate of four packed boxes per year to the tree, which I know will compare very favorably with the best groves in California of the same age that have had large amounts of money expended on them for fertilizer.

Another item in which cheap labor increases the income of the Sicily grower is that they can produce citrate of lime, essential oils, and citric acid at a very low cost, and all cull lemons can be sold by the grower to these factories at never less than 4 francs, or 80 cents, per 100, and from that pay as high as 8 francs per 1,000 lemons for the use of this factory in making these products. In California, on account of the labor cost, it is impossible to produce these articles at a profit, so this is one source of income which we do not have.

The writer does not know the present state of the Sicily labor markets. The rates of labor he is stating here were in force ten years ago, but he knows that labor conditions have not improved in Sicily to the benefit of the laborer during the past ten years, so that he thinks that the cost of labor to-day and ten years ago could not be any more, and maybe less.

Yours, very truly,

J. P. TRIOLO.

EXHIBIT D.

NOVEMBER 7, 1908.

Mr. B. A. WOODFORD,
General Manager, Office.

DEAR SIR: Referring to prices on lemons where we have keenest competition from foreigners, we submit a list of points near New Orleans, with the number of cars sold and the average price received during the past season; also near New York, with the number of cars sold and the average prices received in the different auction markets, which, with New York and New Orleans, received all of the foreign lemons marketed in the United States.

The average is as follows:

	Cars.	Per box f. o. b. California.
Houston.....	5	\$1.43
St. Louis.....	166	1.35
Memphis.....	40	1.44
Shreveport.....	5	1.41
New Orleans.....	15	1.13

You will note that the 40 cars sold in Memphis include all of the southeastern territory.

	Cars.	Per box f. o. b. California.
Evansville.....	7	\$1.51
Louisville.....	34	1.44
Cincinnati.....	91	1.33
Cleveland.....	104	1.55
Pittsburg.....	110	1.01
Albany.....	7	1.41
Richmond.....	3	1.35
Washington.....	12	1.55
Scranton.....	29	1.57
Boston.....	116	1.33
Baltimore.....	18	1.08
Philadelphia.....	121	1.08
New York.....	98	1.52

I am not prepared to say how much water freight rates may have to do in connection with the lower prices at some of these points, but we seem to have keenest competition where such freight rates can be had, as, for instance, points on the Mississippi and Ohio and Cleveland, where I believe water rates have something to do with lowering the cost of transportation on west.

Yours, truly,

R. H. WILKINSON,
Sales Manager.

EXHIBIT E.

[Extracts from newspaper market reports.]

Prices offered to consumers by dealers.

CITRUS FRUIT SALES.

BALTIMORE SUN.

April 9, 1908, navel oranges, per dozen	\$0.15
June 26, 1908, lemons, per dozen	.09
June 29, 1908, lemons, per dozen	.12
June 30, 1908, lemons, per dozen	.12
July 6, 1908, lemons, per dozen	.12
September 15, 1908, lemons, per dozen	.09
September 17, 1908, lemons, per dozen	.09
September 24, 1908, lemons, per dozen	.09

BUFFALO EVENING NEWS.

April 27, 1908, California oranges, per dozen	.20
	.25
	.30
	.40

CATSKILL DAILY MAIL.

March 23, 1908, oranges, per box	2.00
March 23, 1908, California navel oranges, per box	2.50
March 23, 1908, Florida lemons, per box	2.10
April 2, 1908, lemons, per dozen	.06

CHICAGO, OKE LIST.

May 8, 1908, California lemons, per dozen	.10
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DES MOINES, CLELAND GROCER.

Oranges were never so cheap and plentiful as now.

April 10, 1908, extra large oranges, per dozen	.29
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DES MOINES, MILLER'S GROCER.

April 16, 1908, oranges, per dozen	.20
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DES MOINES, CLELAND GROCER.

April 20, 1908, extra fancy oranges, per dozen	.29
April 20, 1908, lemons, per dozen	.20

LINCOLN (NEBR.) EVENING NEWS.

February 21, 1908, large navel oranges, per dozen	.21
April 3, 1908, fancy Redlands navel oranges, per dozen	.23
April 3, 1908, navel oranges, per dozen	.26
April 3, 1908, fancy navel oranges, per dozen	.29
April 10, 1908, fancy Jumbo, per dozen	.28

April 10, 1908, fancy lemons, per dozen-----	\$0. 15
April 10, 1908, lemons, per dozen-----	.08½
April 10, 1908, fancy navel oranges, per dozen-----	.29
April 10, 1908, fancy lemons, per dozen-----	.15
April 10, 1908, extra large navel oranges, per dozen-----	.26

NEBRASKA STATE JOURNAL.

News item, 3-15, oranges 3 for 5 cents.

February 21, 1908, Redlands navel oranges, per dozen-----	.19
February 21, 1908, Redlands navel oranges, per dozen-----	.24
March 21, 1908, large navel oranges, per dozen-----	.22
March 21, 1908, oranges, per dozen-----	.23
April 3, 1908, fancy navel oranges, per dozen-----	.26
April 4, 1908, fancy navel oranges, per dozen-----	.29
April 4, 1908, oranges, per dozen-----	.27
April 4, 1908, lemons, per dozen-----	.15
March 23, 1908, Farmers' Grocery Company, lemons, per dozen-----	.08½

MINNEAPOLIS JOURNAL.

May 1, 1908, large lemons, per dozen-----	.15
May 1, 1908, extra large lemons, per dozen-----	.15
May 1, 1908, Sierra Madre oranges, per peck-----	.50

DAILY NEWS.

April 11, 1908, Sierra Madre oranges, per peck-----	.50
April 11, 1908, extra large lemons, per dozen-----	.15
April 25, 1908, navel oranges, per peck-----	.50
April 25, 1908, large lemons, per dozen-----	.15
April 25, 1908, tangerines, per dozen-----	.10

DAILY OKLAHOMAN.

February 22, 1908, California lemons, per dozen-----	.10
February 22, 1908, California lemons, per dozen-----	.08
February 29, 1908, California lemons, per dozen-----	.10
February 29, 1908, fancy navel oranges, per dozen-----	.25
February 29, 1908, fancy lemons, per dozen-----	.12½
March 13, 1908, fancy California lemons, per dozen-----	.08

OMAHA WORLD-HERALD.

April 7, 1908, Highland navel extra fancy, per dozen-----	.12
	.15
	.17½
	.20
April 7, 1908, oranges, per dozen-----	.20
April 17, 1908, lemons, per dozen-----	.15

DAILY NEWS.

April 7, 1908, oranges, per dozen-----	.10
	.12
	.15
	.17½
	.20
	.12
	.15
April 15, 1908, oranges, per dozen-----	.17½
	.20

OMAHA DAILY BEE.

April 16, 1908, large juicy lemons, per dozen-----	.12
	.12
	.15
April 16, 1908, fancy Highland navel oranges, per dozen-----	.17½
	.20

TOLEDO BLADE.

April 17, 1908, California seedless lemons, per dozen-----	\$0.10
April 17, 1908, Florida oranges, per dozen-----	.29

WASHINGTON (D. C.) STAR.

July 29, 1908, fancy lemons, per dozen-----	.12
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EXHIBIT F.

SAN FRANCISCO, CAL., November 7, 1908.

State committee on tariff revision:

Your committee, to whom was referred the matter of tariff on fresh deciduous fruits, beg leave to report as follows:

We find that the interests of the deciduous fruit growers in California are affected by the importation of Almeria grapes and of bananas, the former having considerable influence on the sale of the late tokay, emperor, and cornichon grapes, and the latter on the whole line of fruits from beginning to end, and on dried fruits almost as much as the fresh product.

Almeria grapes are grown in a Province in Spain and are exported to this country in small barrels, packed in cork dust, and weighing about 40 pounds. As is well known, labor in Spain is very cheap, not exceeding \$0.40 per day, as compared with our wages running from \$1.50 to \$2 per day. Freight to New York on each keg amounts to \$0.46 and a fraction, or \$0.0115 per pound. Freight to New York from California on 26 pounds of grapes amounts to \$0.48, or \$0.0185 per pound.

Duty during the season of 1907 was \$0.20 per cubic foot, or \$0.38 per barrel, a barrel being estimated at 1.9 cubic feet. Prior to last season the duty was the same, \$0.20 per cubic foot, but the barrels were estimated at 2 cubic feet, making the duty \$0.40.

Thus it may be seen that these grapes can be laid down in New York at a cost of \$0.021 per pound, or one-fourth cent more than the freight and refrigeration from California. The protection afforded by the present rate is not sufficient by reason of the much lower cost of production in Spain. Owing to cheap labor, it actually costs the Spanish growers less money to grow and market their product in this country than it does the California growers.

It is difficult for us to estimate correctly the importation of this fruit, but from the best information obtainable it amounted in 1907 to 1,000,000 barrels, or 1,666 $\frac{2}{3}$ carloads; the shipment of grapes from California for the same year amounted to 3,460 carloads, or but a trifle more than twice as much as were imported. From this comparison it will be readily seen that the infusion of this large quantity of foreign-grown grapes during our marketing season must have a depressing effect on the prices obtained for the home product. It may be urged that, as many of these grapes are placed in cold storage, to be brought out a few weeks later, after the California product is practically gone, they do not greatly injure the sale of California fruit; but such is not the case, as anyone can see for himself if he will but take the trouble to visit any of the great fruit markets of the East during the months of October and November.

We therefore respectfully submit that the present tariff is inadequate for the purpose for which it was intended, and request that a new rate of \$0.02 per pound be placed on the product, this being the same rate as that charged upon American grapes by the Canadian government.

Bananas are imported into this country every month in the year, mostly from Central America, although considerable quantities come from the islands of the Pacific, and with our present fine facilities for transportation can be shipped everywhere, summer and winter. Being fairly reasonable in price and popular with the general public, the consumption is enormous and seriously interferes with the sale of our fresh fruits in their season and in the winter months with the sale of dried and canned fruits.

From the best information obtainable, importation of this fruit for the last four years is as follows:

1904, 30,000,000 bunches; 1905, 34,000,000 bunches; 1906, 37,000,000 bunches; 1907, 42,000,000 bunches.

It is estimated that for the current year the figure will reach 50,000,000 bunches.

It is evident, therefore, that our fruit growers are entitled to some protection against the rapidly increasing flow of this cheaply produced fruit of the Tropics, and we urge the imposition of a duty of \$0.05 per bunch as helping in a small measure toward producing this result.

From present appearances and the general trend of events of the last few years, tariff protection on all lines of deciduous fruit production will be even more necessary than it has in the past, as there has been a decrease and is likely to be a further decrease in the supply of laborers who have given this class of work their particular attention, and growers have been and will be compelled to substitute less efficient and often higher-priced labor to do their work, which would have the effect of increasing the cost of production.

In our judgment, the adoption of the foregoing recommendations are essential to the continued prosperity of our business.

Respectfully submitted.

ALDEN ANDERSON, *Chairman.*

F. B. McKEVITT.

WILSON H. THOMPSON.

EXHIBIT G.

Olives and olive oil.

SAN FRANCISCO, November 11, 1908.

General committee on tariff revision,

California state board of trade, San Francisco, Cal.

GENTLEMEN: Practically the oldest known fruit trees, the widest known product, and the most neglected fruit industry in the United States, is the situation in a nutshell under the above heading.

Olive trees were first brought to the United States by the mission padres and planted at their missions along the coast of California one hundred and forty years ago, and these very trees can still be

seen at the missions, bearing evidence of their great vitality and longevity under suitable climatic conditions.

As in the case of some other products, California, we believe, is the only State wherein this tree can be commercially and profitably grown; and we are willing to forecast that, with proper guidance and protection, California can and will produce from 75 per cent to 90 per cent of all the pickled olives and olive oil consumed in the United States.

As nearly as our information is obtainable, there was imported into the United States last year approximately 3,449,517 gallons of pure olive oil. Of this great bulk 2,900,000 gallons were delivered in New York, duty paid, at \$1.25 to \$1.50 a gallon; 500,000 gallons at \$1.50 to \$1.75 a gallon, duty paid; and a small quantity of special high-grade brands, not exceeding 50,000 gallons, at \$2 per gallon, duty paid. Further in this report it will be shown this special high-grade oil is the only oil with which California can compete under existing conditions.

Last year California produced approximately 350,000 gallons of oil and 450,000 gallons of pickles, ripe and green, practically little of which, except the ripe pickles, get beyond Chicago or so-called Missouri River points, owing to the impossible competition met east of those points. Stop and observe the situation here existing.

California is producing one-tenth or less of the oil consumed, while the people of the United States are sending annually to foreign countries between \$2,500,000 and \$3,500,000, on which the Government is receiving \$1,300,000 revenue. With sufficient protection we believe the Government would still receive a handsome income from those who imagine they must use an imported article, while the great volume of money now sent abroad could be retained at home and distributed among our people, principally the laborers, the handling of the olive crop involving an abnormal proportion of unskilled hand labor.

Our committee have been unable to ascertain where olives or olive oil have ever been afforded a specific duty from a matter of protection to the industry, the only duties ever levied apparently being embraced within the general duty clauses to afford the Government revenue. The olive industry to-day in California, owing to continual discouragements from a financial standpoint, is utterly demoralized, and has never had any form of representation on the part of the grower, this, we believe, being the first attempt to properly place the situation before Congress advocating the protection of our infant and growing industries.

This committee has been able to check up absolutely about 12,000 acres of olives, and they think it safe to estimate that there are an additional 6,000 to 8,000 acres. Circular letters were sent to individuals representing a large portion of this acreage and received replies from about 40 per cent of the total verified acreage, and they are certainly most discouraging in character. The summarized report shows about 80 per cent of the growers are making nothing, or are sustaining an actual loss yearly on their orchards. The remaining 20 per cent are deriving a yearly average net income per acre of \$17, certainly not a handsome income on an orchard requiring seven or eight years to come into bearing and an annual outlay of \$10 to \$20 per acre during that period and \$25 to \$35 per acre thereafter.

In reply to the question "Are you contemplating planting any more olive trees?" the answer was universally, "No," and lack of ability to derive a revenue was the reason assigned.

A very large percentage of the replies to the question "Have you grubbed out any of your trees or will you do so?" was affirmative. In reply to the question asking for their views for the future of the industry, the replies only saw ruin, failure, and discouragement ahead.

In reply to the question asking at what price they could raise olives profitably, the general average replies indicated about \$75 per ton on the tree, \$15 to \$20 per ton to be added for picking. Under existing conditions they have been receiving from \$20 to \$60, with \$30 to \$35 a fair average.

The olive tree is an irregular bearer, averaging at least one light crop in three. Last year the crop was above average and yielded, approximately, 1.12 tons per acre, producing about 37½ gallons of oil to the ton, and the average price paid to the growers was \$31.25 per ton, or \$34.97 per acre. We think it entirely safe to estimate the general average yield of olives per acre, year in and year out, at seven to eight tenths of a ton.

With an annual care cost of \$25 to \$35 per acre, and an additional picking cost of \$14 to \$18 per acre, it is easy to see where the producer is left without a profit; and unless his yield is high, he is confronted with a loss. It will be noticed some of the reports give a lower cost of care than above stated, but in most cases this is caused through insufficient care by reason of constantly sustained losses and continual discouragements. The orchards can not receive proper care at the low indicated costs. It is not an uncommon thing for an olive crop to be permitted to fall on the ground and rot, as the cost of picking and shipping can not be obtained.

Olive oil can be manufactured in the old country—Italy, France, Turkey, Spain, etc.—at from 40 cents to 60 cents per gallon, as against, approximately, \$1.40 factory tank cost here. Freight from Europe to New York is 5 cents to 7½ cents per gallon, as against 12 cents from California in carload lots and 15 cents for less than carload lots, much of the oil going this way. Adding the present duty of 40 cents bulk on European oil, it is landed in New York costing from 97 cents to \$1.15 per gallon, duty paid.

Experience has shown us that we must let our oil remain in the factory and tanks to undergo a curing process, or about eight months. The interest feature here, together with the cost of putting the oil in packages or cases for shipment, will require from 15 cents to 25 cents per gallon plus the cost of 12 cents freight to New York, making the minimum cost of the cheapest high-grade oil which we manufacture here, delivered in New York, \$1.55 to \$1.65 per gallon, and with this we are compelled to compete with probably equally good oil on a cost basis of 97 cents to \$1.15.

The imported oil has only the jobbers and retailers' profit to be considered, while to our oil should be added a reasonable share of profit for the manufacturer. There are several things in connection with the olive-oil industry, comparing California and European countries, which, perhaps, all are acquainted with. The greatest feature is the cheapness at which they can manufacture their oil in Spain,

France, Turkey, Italy, etc. The first two countries, where most of the oil comes from, are covered with small olive groves.

When harvesting time comes it is not a question of going out and employing outside labor; each owner and family assist their neighbors to pick their fruit. There is little or no outlay of money. Consequently they do not figure labor expense against the oil as we figure it. They do their own pressing and curing. When the harvesting is finished the oil is brought to market and sold for the best possible price.

The olive-oil industry and green olives are handled about the same as cotton is handled in the South—prepared and cured by small individual owners and sold in public market places at the best possible cash price. This, you see, cuts the cost down to the lowest possible notch.

Wages for this class of work in Europe average from 25 cents to 50 cents per day, to say nothing of the large amount of free child and female labor. Our labor here at the same work averages \$1.50 to \$2 per day per man; and there is certainly no reason to consider this class of labor more efficient than the European. It is not skilled in any sense.

The total cost of harvesting and delivering olives in Europe at the factory rarely exceeds \$6 to \$7 per ton, while our cost is seldom under \$20 per ton.

The chairman of the committee and writer of this article is one of the largest growers of olives and manufacturers of olive oil and pickles in this State, and from his practical experience and observation, both from the growers' and manufacturers' standpoint, feels he is competent to form an opinion under existing conditions.

Unless some radical change is made by affording better protection to the industry by an increased tariff, the olive industry from a grower's standpoint must remain in its present condition of stagnation or become practically extinct. The horticultural interests of this State have been forging ahead by leaps and bounds for several years under the efficient tariff protection afforded, olives being, perhaps, the one pronounced contrast, they actually retrograding, the orchards being gradually grubbed out and exterminated to make way for better paying interests. It is safe to say there has not been a single new olive-oil orchard set out in the last seven years. We ask your committee on tariff revision why?

The writer owns 160 acres of olives set out fifteen years ago; 120 acres consists of the mission, conceded the best paying variety. This orchard has had the best of care and attention during its life; it has been in bearing eight years, and during those eight years it shows the magnificent net income of \$1.35 per acre, or an average of 67½ cents per acre on the fifteen-year investment basis. What would a manufacturer in the East think of a similar showing? Do you believe he would appeal to the Government for tariff protection if he knew such would unquestionably make his business profitable?

The bare land, if unoccupied by this orchard, would be easily worth \$150 per acre for a number of other purposes. I have seriously contemplated the grubbing out of this orchard many times, but have held on, hoping better conditions would prevail. One naturally dislikes to see fifteen years of his life's energy cast to the winds.

Passing from the grower to the manufacturer, we find him in the same condition. There is absolutely no concerted action among the manufacturers regarding purchases. They are buying in the open market and in open competition. Under this condition they are paying the grower the best possible price; in fact, a price so near the danger line they often make purchases which prove a loss, where the olives do not yield as much oil as anticipated, or for various other reasons, where there is an unexpected damage or shrinkage.

There is no question the manufacturer would gladly pay more to the grower if he had a better market for his manufactured product. The olive requires a longer time to come in bearing than any other crop produced in California; therefore it is one of the most expensive to grow. The handling of the crop requires more hand labor than almost any of the other crops. The conversion of the fruit into oil necessitates the erection of a manufacturing plant involving an extensive outlay, if entered into on a scale of any magnitude.

The eight months a year required for the ripening and curing of the oil to put it in good marketing condition involves a large additional expense of interest, etc. Few, if any, of the other crops adaptable to California require the time and the outlay of the olive. These reasons, if none other, would seem to indicate that the olive industry was entitled to tariff protection sufficient to place it on a parity fully equal to any other product.

There are many things which may be said in favor of a sufficiently protective tariff on olives and olive oil. There are thousands of acres of land in the State of California adapted to the growing of olives; in fact, better for that than for any other purpose, which acreage would be planted if proper protection and inducement were made to show the grower where he would have a profitable investment. There is no reason why California should not raise the olives and manufacture enough oil to supply the United States. At the present time we manufacture less than half a million gallons of oil per year.

Unquestionably the olive industry could be made one of the best in the State of California. We have a great and almost unlimited market for olives and olive oil in the United States, but unless some action is taken to protect and foster this industry and allow it to grow, we can not expect any great result; neither can we blame the grower for taking out his trees when he knows positively that each and every year he raises olives he is going into his pocket after his crop is cured, packed, or manufactured into oil to meet a severe loss not only to himself but also to the manufacturer.

Look at the wonderful development in this State of oranges and lemons under a protective tariff of 1 cent per pound. See how the yield of walnuts has increased, supplying a good portion of the entire consumption. See how beet sugar factories are being built under an approximate tariff of 2 cents per pound on refined sugar. Are not all these conditions better than sending money abroad?

Eastern people, though they do not produce the above products, insist upon having them the same as they do with olives and olive oil. Then why not formulate conditions to send the money here, and thereby increase our ability to purchase the manufactured products of the East, the majority of which likewise receive protection?

From the foregoing figures it is apparent that the present tariff on olives and olive oil should be at least double. Give us protection on olives (green or ripe) of 25 cents per gallon, and on olive oil of 75 cents per gallon, and then you will see the orchards already planted taken care of and new orchards set out; and you will see this State make the olive industry one of the largest and most profitable that it has.

California, being the only State growing olives, stands alone and unassisted in making this plea; but we claim it is too large and important a matter for the committee on tariff revision to ignore. Submitted to this committee were a large number of replies received from the growers of olives. They speak volumes in themselves, and the farmer is a pretty important man in our national make-up after all.

Respectfully submitted.

JAMES IRVINE, *Chairman*,
GEORGE C. ROEDING,
E. W. EHMANN,
Subcommittee on Tariff Revision.

EXHIBIT H.

SAN FRANCISCO, *October 20, 1908.*

We, your subcommittee on hops, respectfully report that a substantial increase in the rate of duty is imperative for the life of the hop-growing industry in America, which in the past three years has shown the following startling decline: American crop, 1906, 65,300,000 pounds; 1907, 53,600,000 pounds; 1908, 38,800,000 pounds; and which promises much further decline unless Congress at least doubles the present rate of 12 cents per pound duty.

During the past three years (ending June 30) America has imported from Germany and Austria—

	Pounds.
1906 -----	4, 300, 000
1907 -----	10, 100, 000
1908 -----	8, 500, 000

Which displaces American hops to extent of 2½ to 1.

1906 -----	10, 750, 000
1907 -----	25, 350, 000
1908 -----	21, 250, 000

In considering the figures of importations of hops from Germany and Austria, the quantity of American hops they displace must be taken, because, in the use of these foreign hops, the American brewer uses 1 pound of foreign to displace 2 to 3 pounds of the American. The figures of American hops displaced by the foreign is fairly estimated at 2½ pounds to 1 pound.

But for those heavy importations there would not be in America the present surplus of American hops, which surplus and the resulting low prices are the cause of countless American hop growers being ruined and the remainder on the verge of ruin.

Hops are a crop whose cost of production is practically in its entirety made up of the cost of the hand labor that produces it, and by

reason of the higher cost of labor in America, and by reason of the much smaller quantity of European hops used to displace a given quantity of American hops, we can not successfully compete with the European hops in our own American market.

America can and will, with proper protection, produce all the hops that America consumes and can also supply a large part of the English demand, for which the hops of some of the American hop sections are particularly adapted. But we must have proper protection to cure the critical condition in which the American hop industry now finds itself. While the American hop industry has been almost cut in two in the past three years, there are still hundreds of thousands of men and women engaged in the industry, and many millions of dollars are invested therein.

The hops that are imported from Germany and Austria show an average valuation during the past ten years of 32 cents (in bond) per pound, while American hops have for three years past averaged less than the cost of production.

European hops are not a necessity in this country and a duty of 24 cents per pound is not out of line with the rate of duty on other products whose importations would ruin our home industries.

Germany and Austria, while able by reason of cheap labor to grow hops much cheaper than they can be grown in America, doubly secure themselves against American importation with a duty of something over 7 cents per pound (which, if converted into displacement of German and Austrian hops at $2\frac{1}{2}$ to 1 pound, would equal $17\frac{1}{2}$ cents per pound) on American hops, thus shutting out every possibility of our shipping into their market the surplus that results in America by our importation of their hops.

Your committee also urges that the duty on foreign beers be raised on account of foreign beers being made from foreign hops. We also propose that the duty on lupuline, hop extract, and other adjuncts of hops, should be advanced in proportion to the proposed advanced duty on hops.

The largeness of the hop industry, ranking fourteenth in importance in the United States, according to the Secretary of Agriculture, and the fact that California is one of the largest producers of hops in America makes the subject of duty on hops a very important one and one particularly for the California Senators and Representatives to handle.

The hop growers of this State and of the country court the fullest investigation into this existing condition. Such investigation will demonstrate the imperative need of the relief which the hop growers herein pray.

Respectfully submitted.

W. E. LOVDAL, *Chairman,*
MAX WOLF,
E. F. WOODWARD, *Secretary,*
Committee.

EXHIBIT I.

To the general committee of the State of California on tariff revision.

GENTLEMEN: Your committee on wines and brandies finds that the question of tariff on wines and brandies is very much wider than if

considered solely from a commercial point of view. The industries which are concerned in the production of wines and brandies on the Pacific coast of the United States are the immediate cause of the presence here of a large population. This population will be largely augmented, and constitute an important body of industrious American citizens, such as for national reasons it is desirable to concentrate on this seaboard. The climatic conditions of California are, generally speaking, similar to those obtaining in the countries bordering on the Mediterranean Sea. While our products are those of the temperate regions to a large and growing extent, it is obvious that our distinctive productions are the same as those of the before-mentioned Mediterranean littoral. The construction of the Panama Canal, now under way, and the extension of other transportation facilities, if the conditions in California are favorable, will inevitably attract a large population, composed of those who have been engaged in pursuing avocations and in raising crops in which California, among American States, has unquestioned supremacy. If our industries are interfered with by adverse tariff legislation, the present and prospective movement of population will be arrested, and incalculable injury also will be wrought in industries wherein large sums of capital have been invested in the belief that the policy of the United States would undeviatingly tend to their maintenance. This is especially true of wine growing.

The investment in vineyard and collateral industries in California represents an investment at this time of at least \$100,000,000. This will be largely increased if the conditions continue favorable. There are 250,000 acres in vines in California, and the value of vineyards, wineries, drying houses, and other establishments connected with grape growing is more than \$100,000,000.

With the acreage lately planted and shortly coming into bearing the yield of grapes will approximate 1,000,000 tons per annum, which when manufactured into wine, raisins, or shipped as green grapes have a value to the State exceeding \$25,000,000.

To maintain our industries at least the present measure of protection as embodied in the Dingley tariff is indispensable.

The report of the Commissioner of Labor (1900) of the United States, as included in a pamphlet entitled "Wages in commercial countries," officially sets forth the wages of labor in vineyards in foreign countries as follows:

France, daily wage, 43 to 47 cents, or 24 to 27 cents including board; Italy, 39 cents to 48 cents; Austria-Hungary, 32 cents, or 24 cents with board and lodging included.

The wages for vineyard laborers in Spain are even less than those quoted relating to Italy. In the vineyards of California the field laborers are paid \$1.75 a day, and they receive per capita not less than \$30 a month the year around besides their board and lodging.

Our vineyards are long distances from the eastern markets in the United States. Out of this fact grow many costs which minimize the advantages which the terms of the Dingley tariff bill seeks to confer. All oak for cooperage and all steel that binds the cooperage together must be imported from the East and pay a high freight rate to the Pacific coast, and another high freight when filled with wine back to the Atlantic seaboard. The freight cost from European wine and brandy producing countries to our eastern points of con-

sumption in the United States is about 2 cents per gallon. We find that the cost of freight on wines and brandies and the cooperage to be borne by California producers amounts to nearly 10 cents a gallon on the average, or more than five times that of their European competitors, which is a heavy handicap against the American producer.

In the grape-picking season in France women and children work in the vineyards at 20 cents a day, while the minimum per diem cost here is \$1.75 for the same class of male labor, which is the only kind available. The cost per ton for picking grapes in California vineyards runs from \$1.50 to \$2.25, and the conditions in the labor market in California have frequently made it impossible to secure help even at these prices.

The United States is made the dumping ground for the surplus of European wines. The importations into the United States of Italian wines have increased 500 per cent in the past four years. This fact alone shows that the present tariff protection is not excessive, even if it is adequate.

In any revision of the tariff there should be included a provision which will prevent the discrimination which now exists in favor of the use of imported wines in the United States for the purposes that are unlawful in the case of domestic wines. Imported sweet wines of 24 per cent alcoholic strength may be imported into the United States at 35 cents a gallon and without any restriction to prevent their use in medicinal preparations. The Internal Revenue Bureau by a regulation prevents the use of domestic sweet wines for medicinal purposes.

Vermuth manufactured in the United States must pay 2.2 cents per degree for alcoholic content, or 52.8 cents per gallon, while foreign vermouth of 24 per cent of alcoholic strength can be imported for 35 cents per gallon, or less than $1\frac{1}{2}$ cents per degree, thus giving the entire vermouth trade to the foreigner. Italian vermouth is made entirely of sweet wines, the use of which is forbidden in the United States. The Italian Government allows an export bounty on vermouth, and California wine makers could supply the home market if encouraged.

The United States duty on wine under the Dingley tariff is 40 cents for wine containing less than 14 per cent of alcohol and 50 cents per gallon on wines of 14 to 24 per cent of alcoholic strength. But by the reciprocal treaties with the United States the duty is reduced, and all principal foreign wine-producing countries can introduce their wines and vermouth into the United States at a flat rate of 35 cents a gallon for wines of 24 per cent alcoholic strength.

European wines imported in glass into the United States in bottles containing more than 1 quart each are subject to a duty of only 4 cents a pint, which is 32 cents per gallon for the excess.

Chile pays an export duty of 8 cents per gallon on its wines, which reduces the protection afforded by the Dingley tariff against Chile, on importations into the United States, by that amount.

The foregoing briefly stated facts ought to be convincing that the present duties on wines are none too high if the present American wine industry is to continue to exist.

In the event of a maximum or minimum tariff rate, the present prevailing rates should be the minimum.

P. C. Rossi, *Chairman.*

EXHIBIT J.

SAN FRANCISCO, CAL., November 9, 1908.

To the general committee on tariff revision:

GENTLEMEN: Your committee on minerals respectfully submits that there are several mineral products of California which should be protected by the imposition of duties on materials of the same nature that are produced abroad, and that are competitive with these California products, and that are now admitted duty free to the United States. The facts relating to this general subject are as follows:

California asphaltum.

There are 27 refineries operating in the State of California, which represent a cash investment of approximately \$2,500,000.

These refineries produce in the neighborhood of 100,000 tons of asphaltum annually, and their production would be largely increased if marketing conditions justified it. The present production is far too great to be absorbed by the Pacific coast markets, and it has been for some years necessary to sell this product in the East.

Shipments of Bermudez asphalt to our eastern market has prevented in the past, and does prevent, our California refineries from obtaining a fair profit for their material. This asphalt can be shipped and laid down at Atlantic coast ports at a freight rate of \$3 to \$3.50 per ton. The tariff duty on refined asphalt is only \$3 per ton. The lowest freight rate on shipments to points east of the Rocky Mountains is \$10 per ton, and during the past ten years the average price per ton, net to the refiner, has not exceeded \$9 per ton at his plant. The cost of production is practically \$9 per ton, so that there has been no profit to the asphalt refiners. For the past two years Bermudez asphalt has been selling in the East as low as \$19 per ton, delivered. The freight rate which California asphaltum producers are called upon to pay places them in a position of being compelled to sell their material in the East for practically at cost of production in order to get rid of their surplus asphaltum.

Owing to the low freight rates secured by the Bermudez operators to other parts of the world, it is unprofitable for California asphaltum producers to seek other markets.

California asphaltum has proven itself to be one of the best waterproofing and paving materials in the world. Over 60 miles of streets in New York and Brooklyn are paved exclusively with this material.

The interests allied with Bermudez asphaltum have systematically opposed, through city specifications and through their allied paving contractors, the use of California asphaltum. Seven years ago Bermudez asphalt was selling for \$35 to \$45 per ton; since that time, due to the production of California asphaltum, the price on Bermudez material has been constantly decreased, until at present it has become a serious problem whether the California refiners can compete in the eastern markets. Under the present condition of affairs, the California asphalt has established itself in the eastern market and has won on merit alone. The time has come, however, when this industry should have a reasonable protection. We recommend, therefore, that the tariff be advanced on asphalt importations from \$3 per ton to \$5 per ton of 2,000 pounds weight. Such an advance in the

tariff would do no injury to our Government or the people, and with this small additional offset to unfavorable freight rates, it will enable our California producers to realize a reasonable profit on this important industry.

Chrome.

The chrome ore produced in the United States comes entirely from California. Some years ago several thousand tons of chrome iron ore was shipped from California to the Eastern States, but shipments ceased because of the lack of low freight rates by sea between San Francisco and New York. Since then the foreign producers of chrome have had practically the entire possession of the American market for chrome.

There are chrome deposits in the following California counties: Glenn, Tehama, Placer, Alameda, Humboldt, San Luis Obispo, and Shasta.

In the last-mentioned county a few hundred tons are reported to be mined annually for lining furnaces at the copper smelters.

The value of chrome consumed in the United States (the figures supplied by the United States Geological Survey being the basis of statistics adduced) in the years from 1897 to 1907, inclusive, was \$4,441,753. Under the adverse conditions existing the production of chrome in California since has, in twenty-one years, amounted to 24,013 tons, worth \$323,069 only. With a protective duty to shut out chrome from abroad, the California chrome industry would revive and the mineral industries of the United States would be stimulated. The importations of chrome to the United States are duty free. They come from Greece, Canada, New Caledonia, and Turkey.

Soda.

Soda has been produced in California, and there are large soda deposits in this State, the one at Owens Lake being the largest in the world. The importations into the United States in the period included between 1899 and 1907, inclusive, have amounted to 2,293,000 tons. The importations of soda have increased quite largely, being 349,000 tons in 1907, whereas the total importations for 1900 were but 175,000 long tons. The soda production in California has largely decreased since 1901, and is reported to have entirely ceased in 1907.

Diatomaceous or infusorial earth.

There are deposits of diatomaceous or infusorial earth in California, Vermont, and New York States. The largest and purest deposit discovered in the United States is in California. There is an ample supply of such earth in California to take care of the entire American demand for many years to come. The imports from foreign countries are principally from Germany, and they amount from 12,000 to 15,000 tons a year. To this must be added a large quantity and great variety of manufactures made from the earth. The American market ought to be supplied with the home product, and this could be brought about by the imposition of a protective duty, applicable to all countries from which the articles, crude and manufactured, are now imported. The purposes to which diatomaceous or infusorial

earth are devoted include the construction of fireproof buildings, insulation of heat, cold, and electricity, filtration schemes of many kinds, pipe and boiler coverings, toilet articles, laboratory uses, and many scientific and chemical uses. As diatomaceous earth can be used in all parts of the United States, the foreign producers ought not to be greatly benefited through American energy, as they will be if diatomaceous or infusorial earth is permitted to come into this country duty free. The present production of diatomaceous or infusorial earth in California is small, owing to the foreign competition. In twenty-one years the total value of the product in California is reported to have been but \$194,752, but it ought to be much greater than that annually.

Magnesite.

The only commercially utilized deposits of magnesite in the United States are in California. Magnesite has been mined in a number of California counties. Most of the California magnesite comes from deposits in Tulare County. There are also deposits in Alameda, Fresno, Santa Clara, Sonoma, and Stanislaus counties. There are many deposits in California that are known, but those are utilized only, generally speaking, that are near railroad lines, where cheap transportation is procurable. The consumption of California magnesite has been confined principally to the Pacific coast. Magnesite imports to the United States have amounted in value, between 1897 and 1907, to 506,172 short tons, estimated at \$4,275,441.

Your committee has received the following communication from a leading producer of magnesite in California, the Willamette Paper and Pulp Company, which calls attention to the needs of the producers and reviews all the attending conditions.

SAN FRANCISCO, CAL., *October 20, 1908.*

The Willamette Pulp and Paper Company has been operating at Porterville since December, 1904.

Between dates December —, 1904, and May 9, 1908, we have produced 14,241 tons of raw magnesite, which have yielded 5,883.33 tons of the calcined article. The largest portion of this has been consumed by the paper mills of the coast.

Our cost of operation has been as follows: Raw material, \$4.934 per ton; calcined, \$15.99 per ton, delivered on the cars at our spur track, Porterville, or \$18.99 per calcined ton delivered at San Francisco.

We have invested a large amount of money in this industry, and now have practically an unlimited supply of the raw material, together with our calcining plant with a capacity of 6,000 to 7,500 tons per annum, which can be increased if we can secure the business. The demand has not been large on this coast, but is on the increase, as the building arts are beginning to consider its use for many purposes not heretofore contemplated.

While there are a number of other deposits being prospected at this writing, there is not a great deal being produced outside of our operations. We understand that a company has been incorporated at Fresno, which will soon be producing, and there is a deposit at Winchester, near Riverside, which did produce some material and was then closed down. We believe that they have either just resumed operations or contemplate doing so in the near future.

Have not as yet been able to secure accurate data as to quantity which has been produced by others, but, from what I have learned, should judge that 500 tons of the calcined article would probably be an outside figure.

At the present time foreign magnesite is being sold at the following prices f. o. b. New York: Crude, \$10 to \$12 per ton of 2,000 pounds; calcined, but unground, \$14 to \$16.50 per ton, according to quantity; calcined and ground, \$26.50 per ton of 2,000 pounds.

The freight rate on magnesite from this coast to New York will average about \$40 per ton, according to point of shipment, and, based on the cost of produc-

tion on this coast, as shown in an earlier portion of this report, the delivered price f. o. b. cars New York, without figuring on any profit to the producer, would be as follows:

Crude, \$44.93½ per ton; calcined and unground, \$55.99 per ton; calcined and ground, \$65.99 per ton.

The following figures are based upon regular class rates named by the transportation companies. These figures could probably be reduced at least \$20 per ton if the producer on this coast were in position to show the transportation companies that a large volume of business would result from such a reduction.

At the present time it is impossible for the producers in this State to compete in the New York market as against the importation from foreign countries, but, with a proper measure of protection which would enable them to largely increase the volume of their production, thereby reducing the cost, there is no doubt but what they would be able to successfully supply the demands in this country.

The ruling wage for competent miners and furnace hands on this coast is from \$3 to \$3.50 per day, as against the very low wage paid by the foreign operators.

The writer is seeking further data relative to this industry, and will lay the facts before the committee as soon as they come to hand.

Respectfully submitted.

F. G. WIGHT.

Magnesite is used in the manufacture of carbonic acid gas, paper (wood pulp manufacture), and in the making of bricks. Experiments have been made with calcined magnesite as a base for tiles, which is likely to extend the demand for the material. Magnesite is produced in Africa, in Greece, in Italy, and in Venezuela. In the last-named country a concession is reported to have been secured for the exclusive privilege of exporting magnesite for a period of years. A private contract is said, also, to have been made with an American company to take the entire quantity exported from Venezuela. The production of magnesite in California amounted, from 1887 to 1907, inclusive of both years, to 44,278 tons, estimated at \$393,515. The value of the production in California in 1907 is estimated at \$55,720.

Respectfully submitted.

Chairman Committee on Minerals for Tariff Revision.

The CHAIRMAN. You say you have stated in that memorial that you desire the present duties maintained on fruits, for instance?

Mr. WOODWARD. Yes, sir.

The CHAIRMAN. That is the conclusion of your committee?

Mr. WOODWARD. Yes, sir. I will say that the memorial, as filed with the Secretary, has all those reasons embodied therein.

The CHAIRMAN. The memorial states those facts?

Mr. WOODWARD. Yes, sir.

Mr. NEEDHAM. You mean that the duty on lemons should be increased?

Mr. WOODWARD. Yes, sir.

The CHAIRMAN. Have you made a recommendation for reduction of duty on anything?

Mr. WOODWARD. I have not, Mr. Chairman.

The CHAIRMAN. Your recommendation is that all duties remain as at present, except on lemons, where you desire an increase?

Mr. WOODWARD. Yes, sir; and also on hops.

Mr. UNDERWOOD. Are you familiar with the fruit schedules yourself, or is there some one else present more familiar with the importations of apples, oranges, and fruits of that kind?

Mr. WOODWARD. I will say that personally I am not familiar with any importations.

Mr. UNDERWOOD. What line of business are you personally engaged in?

Mr. WOODWARD. I am personally engaged in the agricultural line of business, in the growth of hops. I am a banker and surveyor of customs at San Francisco.

Mr. UNDERWOOD. Are there any importations of fruits on the Pacific coast?

Mr. WOODWARD. Some fruits come from Mexico and from Central America.

Mr. UNDERWOOD. To what extent do they come in?

Mr. WOODWARD. Not to a very large extent; mostly in the line of bananas and such things.

Mr. UNDERWOOD. Do you raise bananas in California?

Mr. WOODWARD. Very little; mostly in an experimental way. We hope some day to produce bananas for the use of the country.

Mr. UNDERWOOD. Practically all your competition from abroad comes from the Atlantic seaboard?

Mr. WOODWARD. No, sir.

Mr. UNDERWOOD. You say that there are very slight importations at the Pacific coast?

Mr. WOODWARD. Yes, sir; but you understand that a great many of our citrus fruits are shipped to the Atlantic coast and we then come in competition with the importations on the Atlantic coast.

Mr. UNDERWOOD. Your competition comes through the Atlantic seaboard?

Mr. WOODWARD. Yes, sir; through the Atlantic seaboard.

Mr. UNDERWOOD. What is the freight rate on fruits from the Atlantic seaboard to San Francisco?

Mr. NEEDHAM. That matter will be gone into by the special representatives.

Mr. WOODWARD. I would prefer that the special representatives answer that question.

Mr. UNDERWOOD. Then I will withdraw the question for the present.

Mr. CLARK. In a general way, you want a high tariff on everything produced in California?

Mr. WOODWARD. California is deeply interested in the protective tariff.

Mr. CLARK. Please answer the question. You want a high protective tariff on everything produced in California?

Mr. WOODWARD. In answer to that I may say that we want a protective duty. I am under the impression that the present duties are not high.

Mr. CLARK. The present duties are not high?

Mr. WOODWARD. No, sir.

Mr. CLARK. God Almighty has done a great deal for your State, and the more protection you have the more you want?

Mr. WOODWARD. No, sir.

Mr. CLARK. I think that is exactly it.

Mr. WOODWARD. God Almighty, as you say, has done a great deal for California. At the same time the citizens have done a great deal.

Mr. CLARK. And you still want more?

Mr. WOODWARD. Only in the instance of hops and lemons.

Mr. CLARK. You are interested in raising hops?

Mr. WOODWARD. Yes, sir.

Mr. UNDERWOOD. There are practically no fruits imported to California, are there?

Mr. WOODWARD. Very few; only a few tropical fruits from Mexico and Central America.

Mr. UNDERWOOD. Have you any competition in California?

Mr. WOODWARD. Yes, sir. There are some things that come from Mexico in which we have some competition. Some citrus fruits come from Mexico.

Mr. UNDERWOOD. But as to the other kind of fruit there is no competition in the State of California or along the Pacific coast?

Mr. WOODWARD. No, sir.

Mr. UNDERWOOD. In other words, the duty is prohibitive. On account of the freight rates the competition does not come to your country?

Mr. WOODWARD. You might express it that way. One reason for that is the character of fruits that we produce. Everything produced in the Pacific coast States is not produced outside of America—that is, the Pacific coast territory. To that extent you might call it prohibitive, but it is not, because they do come into competition. Our competition in the East comes through the Atlantic seaboard.

Mr. UNDERWOOD. No foreign apples go into the Pacific coast States in competition with the Pacific coast apples?

Mr. WOODWARD. No, sir; there might be an isolated instance now and then.

Mr. UNDERWOOD. No foreign oranges go into competition with the California oranges?

Mr. WOODWARD. No, sir.

Mr. UNDERWOOD. No foreign pineapples?

Mr. WOODWARD. No, sir; we get the pineapples from the Hawaiian Islands.

Mr. UNDERWOOD. That is not foreign territory?

Mr. WOODWARD. No, sir.

Mr. BOUTELL. The fruit growers in Florida have the same views in regard to the tariff as the fruit growers of California?

Mr. WOODWARD. That is my understanding.

Mr. FORDNEY. You have never known an agricultural product on which there was a duty so high that it injured the industry?

Mr. WOODWARD. No, sir.

Mr. FORDNEY. On the other hand, you have prospered under a protective tariff, and the higher the tariff the more you have prospered?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. How about the fellow who eats the California fruit; the higher the rate the more the man who eats it pays for it?

Mr. WOODWARD. Yes, sir. I may say that I remarked at the breakfast table at the Willard this morning that I never saw fruit so high as it was quoted on the breakfast bill of fare. We sell apples in California for 75 cents per box.

Mr. CLARK. What has that to do with the tariff question?

Mr. WOODWARD. It is the large item of freight across the country.

Mr. CLARK. Mr. Fordney asked you if the higher the tariff the more you did not prosper. The higher the tariff the more the people pay for this stuff out there?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. Then you want Congress to "hold up" the whole United States in order for you people out there to get an excessive profit which you are not entitled to.

Mr. WOODWARD. No, sir.

Mr. FORDNEY. Is it not true that when fruits were on the free list they were higher than now?

Mr. WOODWARD. Yes, sir.

Mr. FORDNEY. And by consequence of the large crops you are producing in California under the protective tariff, the price has been reduced to the consumer?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. If that is true, should we not take off the tariff on fruits?

Mr. WOODWARD. No, sir.

Mr. FORDNEY. And what is true of fruits, if a favorable opportunity is given to other articles, would be true of the other articles in time?

Mr. WOODWARD. Yes, sir. I will say that under the beneficent influence of a protective tariff California has devoted a very large acreage to fruit and the result has been that she is able to supply the needs of America almost absolutely, and she is exporting fruit to Germany now in quite a large way.

Mr. CLARK. Do you sell the fruit in Germany cheaper than you do at home?

Mr. WOODWARD. No, sir.

Mr. CLARK. Are you sure of that?

Mr. WOODWARD. I am very sure. I do not know what Germany pays when the fruit gets there, but the fruit sold to the dealer and shipped to Germany is not sold any lower.

Mr. CLARK. You are the surveyor of the port of San Francisco?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. And you are drawing your salary?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. And you are here trying to get a higher tariff put on your property?

Mr. WOODWARD. Not on my property.

Mr. CLARK. You stated that you were interested in the growing of hops?

Mr. WOODWARD. Yes, sir.

Mr. CLARK. I asked you if you were not the surveyor of the port and drawing your salary and here advocating the raising of the price on your own property?

Mr. WOODWARD. It might be looked at that way. I am here, chosen by the agriculturists of California, to present their case to the committee. I am here on official business before the department, and the agriculturists wished me to make the representations for them.

CRANBERRIES.

[Paragraph 262.]

HON. WILLIAM C. LOVERING, M. C., SUBMITS LETTER OF ABEL D. MAKEPEACE, WAREHAM, MASS., RELATIVE TO THE AMERICAN AND CANADIAN DUTY ON CRANBERRIES.

WAREHAM, MASS., *December 1, 1908.*

HON. WILLIAM C. LOVERING, M. C.,
Washington, D. C.

DEAR SIR: In connection with the contemplated revision of the tariff, hearings upon which are now being granted by the Ways and Means Committee of the House of Representatives, I desire to call your attention to the cranberry schedule.

The growing of cranberries as a commercial venture is, as you doubtless know, by far the most important branch of the agricultural industry in eastern Massachusetts. The value of the product for the year 1908 in the counties of Barnstable and Plymouth may be fairly estimated at \$2,000,000, and the product of these two counties probably represents one-half of the cranberry output of the entire country. Other principal cranberry-producing sections are located in New Jersey and in Wisconsin. In the preparation of bog lands for cultivation and in their care before and after reaching maturity, and in the harvesting and marketing of the crop, by far the largest item of expense is that of labor. The proceeds of the crop are very generally distributed among the residents of the community in which the work is carried on, and there are, indeed, very few households in this part of the State which do not derive a substantial benefit, either directly or indirectly, from the industry.

The principal imports of cranberries into this country come from Canada, there being bogs which are commercially cultivated in Nova Scotia, New Brunswick, and Ontario. By far the best export market is also that which we find in Canada.

Some time prior to the enactment of the Dingley bill the Canadian government imposed a duty of 25 per cent ad valorem upon imports of cranberries. At the time the Dingley bill was under consideration there was inserted, at the request of the cranberry growers of Massachusetts and New Jersey, a like provision for a duty of 25 per cent on imports to this country, this being particularly aimed at the provision of the Canadian tariff which imposed a like duty upon our exports to that country.

Until the cultivation of cranberries in Canadian territory shall assume more formidable proportions I do not feel that the cranberry growers of this country would insist upon the 25 per cent duty as a measure of protection. But inasmuch as the Canadian duty of 25 per cent still stands against our product, it seems to us eminently fair that the present Dingley tariff of 25 per cent should continue as against imports from Canada.

If at any time in the future the Canadian government should show a disposition to reduce or remove their levy upon our fruit, I feel very positive in asserting that the cranberry growers of this country would offer no objection to meeting them on an equal footing.

I have tried to give you above a statement of the conditions as they exist, and would be grateful to you if they could be properly

presented to the members of the Ways and Means Committee. If any further details or data are necessary or desirable, the same will be cheerfully furnished. If, in your opinion, a public hearing would be advisable, I think we can arrange to secure a creditable representation. To me, however, the matter seems to be so simple as to make the expenditure of time and money for a public hearing unnecessary.

I write as one with thirty years' experience in the business, having under my direct management cranberry interests involving an investment of half a million dollars and which employ about a thousand persons during each harvest season.

Very truly, yours,

ABEL D. MAKEPEACE.

PRESERVES.

[Paragraph 263.]

THE NATIONAL FRUIT PRODUCTS COMPANY, BOSTON, MASS., WRITES RELATIVE TO FOREIGN COMPETITION.

35 TO 39 BATTERYMARCH STREET,
Boston, January 2, 1909.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: We beg to acknowledge the receipt of your letter of December 30, and we regret to hear that the hearings before your committee have closed in so far as they apply to preserves, etc.

In compliance with your request for a brief, we beg to state the following facts, which we will be pleased to support by the best evidence whenever your committee desires such information:

First. Certain of the small fruits, such as strawberries, raspberries, cherries, etc., are grown in great abundance in the south of Europe and in England.

Second. Unskilled and semiskilled labor, such as is used in the handling of these fruits in preparing them for packing in tins and glass, and generally in making preserves, can be had in those countries as low as 6 cents a day, and is rarely higher than 25 cents a day.

Third. A large amount of this labor is done by piecework in Italy and France. The fruits are taken home by the peasants and this piecework is done by all the members of the family, even very small children and very old people doing their share of the work. Fruit prepared or handled under such conditions is likely to be both unsanitary and unhealthy, but the finished product would not necessarily show this.

Fourth. The present duty on preserves is, we believe, 35 per cent ad valorem and 1 cent a pound, but in spite of this duty large quantities of preserved fruit are imported yearly into this country, which shows that the duty as it stands is not at all prohibitory.

Fifth. As to raw fruit, fruit packed in water, and only preserved sufficiently to keep it from spoiling, we believe, on general principles, should be on the free list.

We have in our employment people who have worked both in Italy and France under the above-mentioned conditions, and we would be

pleased to submit their affidavit, or, if necessary, by personal appearance, but as our vice-president and general manager, Mr. M. Douglas Flattery, who is most familiar with these conditions, is leaving for a journey to the Pacific coast, we would respectfully request that you give us as long a time as possible in case you should require our affidavits.

We would also refer you to Mr. J. H. Freyman, of the Causse Manufacturing and Importing Company, 60 University place, New York City, and to Mr. Morris Bettman, of the Bettman-Johnson Company, of Cincinnati, who can give you accurate and detailed information on the above points, and other manufacturers, whose names we will be pleased to submit if you so desire.

Yours, sincerely,

NATIONAL FRUIT PRODUCTS CO.

**HON. JOHN W. WEEKS, M. C., SUBMITS LETTER OF M. D. FLATTERY,
BOSTON, RELATIVE TO FRUITS AND FRUIT JUICES.**

No. 35 BATTERY MARCH STREET,
Boston, January 1, 1909.

HON. JOHN W. WEEKS, M. C.,
House of Representatives, Washington, D. C.

DEAR SIR: With reference to the question of the amendment of the tariff, and so far as it applies to fruit juices and other fruit products, I beg to point out to you the following facts for your consideration, and hope that you will be able to appreciate the points of view of the manufacturers of these goods, and will take such action as you may deem advisable to protect our interests.

However, the salient fact that appears in the question of fruits is that the labor in the south of Italy and the south of France, where fruits are cheapest and most abundant, is so cheap that it would be impossible for American manufacturers to compete with fruits imported from those countries. Not only are the raw fruits cheap and abundant but the cost of picking and handling is cheap, and the cost of semiskilled labor for factory purposes is less than 10 per cent of what the cost is in this country.

I am informed by J. H. Freyman, vice-president of the Cailler Chocolate Company and representing that company in the United States, that one of the companies in which he is a director pays their help at the equivalent of 6 cents per day, and the overseers of four men and four women receive the equivalent of 25 cents a day. The rate of wages for similar help in this country varies from \$5, which beginners receive, up to \$12 and \$15 a week.

The National Fruit Products Company, of which I am a director, buys a good many carloads of fruit in Italy and France yearly, and I have been in touch with conditions in those countries during the last three years, as I have not only contracted with farmers and packers over there but have figured with them on processed and finished products; and even with the large duty added under the present tariff, viz, at 35 per cent ad valorem and 1 cent a pound, large quantities of preserves, etc., are imported yearly into this country.

I believe, however, that raw fruits and fruit products of every kind should be imported free, so that the public might get the benefit of the raw material, particularly in fruit products; and this is especially true of fruits for the reason that hardly a year passes that some of our native fruits are not scarce for various reasons, and at such times the importation of raw fruit cheaply would be in the nature of a blessing.

You are no doubt aware that there is a large amount of capital invested in the manufacture of preserves and fruit juices, etc., in Boston, employing hundreds of skilled people in the preparation, manufacturing, and shipping of these goods, and I think that there is no doubt that the removal of the tariff on such products would result in disaster to such business in this country. I would be pleased to supply detailed information on these points if it is desirable or necessary.

I am, yours, sincerely,

M. D. FLATTERY,
Per F. G. F.

CANNED PINEAPPLES.

[Paragraph 263.]

STATEMENT OF GEORGE B. McCLELLAN, OF HONOLULU, HAWAII, RELATIVE TO HAWAIIAN PINEAPPLES.

WEDNESDAY, *November 18, 1908.*

Mr. McCLELLAN. Mr. Chairman, the interest of Hawaii in this particular matter is in connection with pineapples, a subject which has in part been presented to you by the Florida growers. The interest of Hawaii in pineapples is somewhat more than the mere question of dollars and cents of commerce involved in that commodity. Those of you who have any personal knowledge of affairs in Hawaii know that one of the great handicaps of our country has been that we have been a one-industry country. That condition we have sought to change as rapidly as possible. The difficulty in effecting a change is that we can only compete in the market of the United States with some sort of staple commodity which is a condensed product and which will stand the high cost of transportation and the high cost of labor. We have partly solved that question by the introduction of the pineapple industry. For the past ten years we have been working on this proposition and developing the pineapple industry. The result has been that our output has increased from some 8,000 or less than 8,000 cases some ten years ago until last year we packed 419,000 cases of pineapples. That is the industry which we are seeking to have continued.

Now, we ask two specific things in connection with this industry, the substance of which is the maintenance of the pineapple industry and its protection substantially on the basis agreed upon in the Dingley tariff, as we understand it was intended.

If you will refer to paragraph 263, you will find that that puts a duty of 35 per cent, and 1 cent a pound on fruits preserved in sugar, and so on; but the last clause gives a rate of 25 per cent on canned pineapples in their own juice.

Paragraph 268 makes a specific rate on pineapples in barrels and packages of 7 cents per cubic foot, and in bulk of \$7 per thousand.

Referring first to the question of fresh pineapples, we ask specifically, in connection with the Florida growers, that the separate rate of 7 cents per cubic foot be eliminated. We ask that the rate on fresh pineapples shall be only by the thousand. The reason for that is that this is assumed to have been put in as an equivalent. As a matter of fact, they are imported in crates which contain approximately $2\frac{1}{4}$ cubic feet, but they are entered in the custom-house as containing 2 cubic feet. The crates in fact contain as high as 40 pineapples, and they average 30.

Entered for duty as 2 cubic feet the fruit pays only 14 cents duty; whereas if entered under the rate per thousand they would pay from 21 to 28 cents; in other words the duty would be from 50 to 100 per cent higher if the basic duty of \$7 per thousand were imposed.

We ask specifically that that provision, by the cubic foot, be eliminated, and that the rate be fixed only by the thousand, or else that the cubic foot equivalent be doubled. As each crate has stamped on it the number of pineapples contained, there will be no difficulty in computing the duty under a rate per thousand.

Now, as to what that rate should be, the Florida growers have suggested that it should be approximately the same as that on oranges. We would say that that rate should be for a minimum, at least, from \$10 to \$15 per thousand.

Now, what are the reasons for that? The reasons are, as already stated here, that the cost of production is so tremendously less in Cuba and the West Indies that it is impossible for the American growers to compete with them.

The cost of production in Cuba, as shown by government reports, is only about 20 cents per crate, while the cost to the Florida and Hawaiian growers is over 80 cents.

Because of the low cubic foot rate, Cuban pineapples are dumped into the market in New York and are bought up for a very small price by the people there and packed as a cheap product which competes with the Florida and the Hawaiian product. We feel that the rate should be advanced to a minimum of from \$10 to \$15 a thousand. The Florida growers maintain that it should be put much higher than that.

Now, I want to refer next to the last clause of paragraph 263 of the Dingley Act. Those of you who were present when the Dingley law was compiled will recall that when the Dingley law was framed in the House it put all prepared fruits under one classification, at the valuation of 35 per cent ad valorem, and 1 cent a pound. When the bill went to the Senate a separate provision was made for pineapples in their own juice, at a rate of 25 per cent ad valorem.

Under the Dingley Act, at first, this law was interpreted and construed to give this lower rate of duty only to such pineapples as contained no added sugar, and that basis was maintained in a series of Treasury decisions, which you will find of record, as Treasury decisions, 12725, 13767, 23207, 24781, 24494, and 25577.

Since those decisions were agreed upon by the Treasury Department, a test case has been brought in the courts, and the courts have held to such an effect that practically all of the imported pineapples,

no matter how much sugar they contain—in the last test case they having contained $33\frac{1}{3}$ per cent of sugar—are brought in under the lower rate of duty.

The CHAIRMAN. I hope that you will make this as brief as you possibly can. We have all these separate decisions entered in a book for the use of the committee.

Mr. McCLELLAN. I will make it as brief as possible. I am simply seeking to make clear what is asked in this connection.

The CHAIRMAN. Make it as brief as you can.

Mr. McCLELLAN. Under appointment of the Attorney-General, I appeared as special counsel for the Government in this test case in New York last week. The question involved is whether pineapples containing $33\frac{1}{3}$ per cent of sugar can still be entered as pineapples in their own juice.

The Government's contention was that the lower rate of 25 per cent applied only to pineapples in their own juice merely, and that when sugar was added, the product should pay the higher rate of duty.

The courts having overthrown the Treasury Department's interpretation of the law, we now ask that in reframing paragraph 263 you either eliminate the special provision made for pineapples at a lower rate than the other fruit or add in lieu of the last part of paragraph 263 the words "pineapples in their own juice, without sugar or spirits added thereto."

That, gentlemen, is the substance of the contention of the Hawaiian pineapple growers—that the maximum rate should remain as it is at present and that you correct the last clause of paragraph 263, or eliminate it, so that pineapples will enjoy the same protection that other fruits enjoy; and so far as fresh fruits are concerned that you should eliminate the cubic-foot rate on pineapples, and that the rate by the thousand should be from \$10 to \$15 per thousand, as a minimum.

Mr. CLARK. Have you, or any of the pineapple raisers, ever protested to the Treasury Department against this construction of that law?

Mr. McCLELLAN. That is specifically the thing which we did, and the courts, contrary to anything we can see, and contrary to the Government's contention all the way through, have construed against the Government. We protested in that case for the purpose of trying to get the matter corrected. Now we ask (the courts having construed that law obviously contrary to the intention of Congress) that Congress should amend the wording of that last clause of paragraph 263 in such specific form that there can be no possible misconstruction of it. As a matter of fact, it should be eliminated.

Mr. LONGWORTH. What proportion of the pineapples, in the Hawaiian pineapple industry, is canned?

Mr. McCLELLAN. A very large proportion.

Mr. LONGWORTH. Almost entirely?

Mr. McCLELLAN. Almost entirely. This year some 10,000 crates of fresh fruit were sent to this country, but a very large proportion is canned.

Mr. LONGWORTH. And the fruit is canned directly at the plantation?

Mr. McCLELLAN. It is canned directly there; but this is the point we want to make clear to the committee: That the rate on pineapples, which is almost the lowest rate on any fresh fruit imported, is such that fresh fruit can be dumped in from Cuba and canned in this country. Although we have been able to compete to some extent, it would present possibilities for the future that we do not like to contemplate. The fresh-fruit industry in Cuba is practically unlimited. The land there is cheaper, they have very good facilities for shippers, and the labor is cheaper than ours.

Mr. LONGWORTH. What do you pay labor on your plantations?

Mr. McCLELLAN. It averages \$1 a day for the men and 75 cents a day for the women who are employed in canning. All of the field work is done by men at about \$1 a day.

Mr. CLARK. The men are nearly all coolies, are they not?

Mr. McCLELLAN. No, sir; we employ white labor as far as possible.

Mr. CLARK. Are there not 60,000 Japs there?

Mr. McCLELLAN. There are a good many.

Mr. CLARK. And 40,000 Chinese?

Mr. McCLELLAN. Oh, no. Probably 15,000.

Mr. LONGWORTH. Are not nearly all of the pineapple plantations on the island or Oahu?

Mr. McCLELLAN. Oh, they are on all the larger islands—Hawaii, Oahu, Maui, and Kauai. I want to make this clear to you, and I think this may interest Mr. Clark. The pineapple industry is a thing that enables a man to go out and take a piece of homestead land, government land, and raise a product himself. That is why we feel a particular interest in it.

Mr. CLARK. Are not nine-tenths of all the laborers in the Hawaiian Islands either Japanese or Chinese laborers?

Mr. McCLELLAN. In the higher branches of labor?

Mr. CLARK. In all sorts.

Mr. McCLELLAN. A very large proportion of the field labor is of that kind. We attempted last year to get more European laborers, but Congress could not see its way clear to allow us that privilege.

We have two Hawaiian packers here, and I would like to have Mr. Dole and Mr. Eames address you on the difference in the cost of production.

STATEMENT OF J. D. DOLE, HONOLULU, HAWAII, RELATIVE TO COST OF RAISING PINEAPPLES IN HAWAII.

WEDNESDAY, *November 18, 1908.*

Mr. DOLE. Mr. Chairman, I represent the Hawaiian Pineapple Growers' Association. I went to Honolulu in 1899 and took up a piece of government land. I went into the business of growing pineapples. The next step after starting a pineapple plantation there is to have a cannery, because it is impossible to ship all of the pineapples fresh. I interested American capital to go in with me and we have built up and gradually increased the business. At that time there was one pineapple cannery there, and there are now nine, with an output, as Mr. McClellan has said, of 400,000 cases.

The principal point that I want to make is that the duty which was intended to be imposed by the last law—that is, 1 cent a pound plus 35 per cent ad valorem on pineapples containing added sugar—should be made clear in this new law, instead of being uncertain, as was the case in the last law, because when I went there and started in this business the Treasury Department was ruling that pineapples from foreign countries containing added sugar should be assessed at the higher duty, whereas recently importers have taken the case up, and they have been letting in pineapples with added sugar as pineapples preserved in their own juice. The lower duty is not sufficient protection to equalize the difference in cost which we have, owing to our higher priced sugar, higher priced tin, and higher priced labor. Taking a 2-pound Singapore can, and a 2-pound can of Hawaiian pineapples, there is a difference in the cost per dozen of about 59 cents; that is, they are produced for about 59 cents less per dozen in Singapore than in Honolulu.

Taking only a part of the cost items, the difference is accounted for largely because of their cheaper tin and cheaper sugar and cheaper labor. I figure that we pay $9\frac{1}{2}$ cents per dozen higher for our cans, $5\frac{1}{4}$ cents higher for our sugar, 6 cents higher for the labor in our factory, 14 cents higher for labor on our plantation, and 4 cents higher on rent and sundries, making a difference, on these items alone, of 38 cents. If the lower duty of 25 per cent ad valorem is imposed on the Singapore pineapple, it will only be a duty of 14 cents a dozen, to make up for a total difference of 59 cents per dozen in the cost of production, whereas if you impose the duty of 1 cent per pound plus 35 per cent ad valorem you will have a duty somewhat nearer the difference in cost of production.

We do not want any advantage. In fact, the Singapore pineapple can be laid down in New York considerably cheaper than ours, even at the higher rate of duty. We do not object to that, but the way it is now they can lay it down for almost half what ours costs, and the people get to eating it. It is inferior to ours, but it is hard to teach them that there is another pineapple that is better.

STATEMENT OF A. W. EAMES, HONOLULU, HAWAII, RELATIVE TO COST OF HAWAIIAN CANNED PINEAPPLES.

WEDNESDAY, *November 18, 1908.*

Mr. EAMES. I am engaged in growing and canning pineapples in the Hawaiian Islands. All that I wish to do is to emphasize what Mr. Dole has said in regard to the increased cost of our canned pineapple over the cost of the Singapore pineapple. The present duty is not sufficient to make up the difference in cost by from 20 to 30 cents a dozen, by reason of our increased cost of labor, sugar, and tin.

Mr. HILL. Where do you get your cans?

Mr. EAMES. Our cans are made at Honolulu by the American Can Company.

Mr. HILL. Are they made from American tin?

Mr. EAMES. Yes, sir.

Mr. HILL. Have you ever tried foreign tin?

Mr. EAMES. No; we have not. Foreign tin would be a little higher.

Mr. HILL. The American tin is stronger and tougher, is it not?

Mr. EAMES. It is supposed to be a little better tin; yes, sir.

Mr. HILL. Do you think a can would cost any more if made from American tin than if made from foreign tin?

Mr. EAMES. No; it does not cost as much—that is, to pay the duty on the tin.

Mr. HILL. Then you do not have to meet that competition in Singapore, of cheaper cans?

Mr. EAMES. The tin can containing fruit does not pay a duty coming into the United States. The can is made in Singapore, out of English tin.

Mr. CLARK. You do not mean to say that there is no tariff on foreign tin, do you?

Mr. EAMES. No; I do not say that.

Mr. CLARK. That is what you seem to say.

Mr. EAMES. I said on cans coming in with fruit.

The CHAIRMAN. There is a tariff and a rebate on it. There is no dispute about it.

Mr. CLARK. He is talking about foreign tin.

Mr. EAMES. Oh, yes; on the tin. Of course.

ADDITIONAL STATEMENT OF GEORGE B. McCLELLAN, HONOLULU, HAWAII, RELATIVE TO CANNED PINEAPPLES.

WEDNESDAY, *November 18, 1908.*

Mr. McCLELLAN. Mr. Chairman, I would like to add a statement, if I may, in that connection.

The CHAIRMAN. We will give you two minutes.

Mr. McCLELLAN. The Hawaiian canned-pineapple product consumes American products, in putting up these goods, amounting to \$30 per ton. Of every ton of fruit that is put up, \$30 worth of American tariff-paid goods is put into that product; and we are competing with foreign goods, where they have free sugar and free tin, besides vastly cheaper labor.

REPRESENTATIVES OF THE HAWAIIAN PINEAPPLE GROWERS SUBMIT BRIEF ASKING FOR CHANGES IN EXISTING LAW.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Hawaiian growers do not ask for a prohibitive tariff on pineapples. We advocate a rate of duty that will give the Government an increased revenue on the pineapples now imported, and one that will more nearly approximate the bare difference in cost of production, due to cheaper labor abroad and the use of duty-paid materials, cans, and machinery used by the domestic packer.

Broadly speaking, we ask only a verbal correction of paragraph 263 to make effective the original intent of the Dingley Act in respect to canned pineapples; and with that we ask a correction of paragraph 268, eliminating the cubic-foot rate and adjusting the duty on fresh pineapples so that it shall not render ineffective the duty on canned pineapples; also in order that the cheap pineapples of the West Indies shall not drive the Florida and Hawaiian fresh fruit out of the market.

GROWTH OF THE INDUSTRY.

At the time when Hawaii came under the full operation of the Dingley tariff through annexation, the annual production of canned pineapples was less than 8,000 cases. Through the encouragement of the protection to the canned-pineapple industry afforded by the Dingley law as then construed, the production in Hawaii has increased until a total of 419,072 cases was produced this last season.

It is safe to say that practically all this growth of the industry was the result of protection and would not have been possible without it.

Some 12 companies are now engaged in the growing and canning of pineapples. They represent a capital investment of about \$1,500,000. Ninety-five per cent of this capital is American and only 5 per cent is foreign.

The stock in these companies is widely distributed throughout the islands. A considerable amount is also owned by individuals on the Pacific coast and in the Eastern States.

But the companies above referred to by no means represent the entire pineapple industry of Hawaii. Individual farmers grow pineapples and sell them to the canneries, just as mainland farmers grow beets and sell them to sugar-beet factories.

Thus through the benefits of protection an important new industry is being built up in Hawaii. The industry is doubly important to Hawaii because if rightly protected it will afford a living profit to the individual farmer or fruit grower.

The production in Florida and Hawaii has already reached the point where competition regulates the price, and they will be able in the immediate future to supply the entire consumption in the United States.

CITIZEN AGRICULTURAL POPULATION.

The pineapple industry is also highly important to Hawaii because the fruit can be grown on lands that are unsuited to other forms of tropical agriculture; it is in fact a possible means of largely increasing the citizen agricultural population of the Territory. No industry in the islands is better adapted to the farmer of moderate means. It constitutes one of the chief hopes of those desirous of seeing these islands settled by a progressive American population. The growing of pineapples is semihorticultural and somewhat resembles fruit culture in southern California, which has been brought to such a scientific stage of perfection.

In order, however, to have this industry continue and grow, protection must be given it approximating that given to other fruits. American wages can not be paid for semitropical fruit growing in open competition with the cheap labor of the West Indies and Singa-

pore. Nor can an American packer, limited to high duty paid tin, sugar, machinery, and supplies, compete openly with packers having all those articles free of duty. All that is asked is a tariff that shall more nearly equalize the difference in cost of production.

DUTY-PAID SUPPLIES USED.

Practically all of the materials used in the production of Hawaiian pineapples and the manufacture of same into canned goods are imported from the mainland of the United States. No other article produced in Hawaii requires so large a proportion of such imported materials as canned pineapples. For every ton of finished product, worth, say \$75, it is estimated that \$30 represents the cost of materials, all of which come from American farms and factories. Nearly all of these materials, especially tin and sugar, enjoy the benefits of protection, and our pineapple canners must pay higher prices for them in competition with foreign producers using free materials.

DIFFERENCE IN COST OF PRODUCTION.

The price per dozen of the No. 2 can (known as 1 $\frac{3}{4}$ -pound can) of Singapore pineapple in New York, without duty paid, is at present 71.75 cents. Subtracting the cost of freight, 16 cents per dozen, gives a cost at Singapore of 55.75 cents per dozen. The corresponding No. 2 can of Hawaiian pineapple costs to produce under present conditions, f. o. b. Honolulu, \$1.1475 per dozen, showing a difference in cost of production of 59 cents per dozen.

Under present construction of the Dingley Act canned pineapples are all entered as "preserved in their own juice" and pay only 25 per cent duty ad valorem; this would be only 14 cents per dozen on the No. 2 size can. The duty under the proper classification of "fruits preserved in sugar" would be about 38.23 cents per dozen.

It will thus be seen that even the higher duty does not cover the difference in cost of production, and the Hawaiian grower must rely on the superior quality of his fruit to compete. This he is able to do with a duty of 1 cent per pound and 35 per cent ad valorem; but the interpretation placed on the last clause of paragraph 263 by recent court decisions practically admits all canned pineapples, however much sugar may have been added, as still being "pineapples preserved in their own juice," and dutiable only at 25 per cent ad valorem.

As this latter rate amounts to only about one-fourth of the difference in cost of production, it is clearly inadequate; there is no reason why canned pineapples containing any added sugar should not pay the same rate as other canned fruit as provided for in paragraph 263, viz, 1 cent per pound and 35 per cent ad valorem.

MISINTERPRETATION OF THE PRESENT LAW.

During the period when the Hawaiian pineapple industry was chiefly built up the Treasury Department properly construed the last clause of paragraph 263 of the Dingley Act, "Pineapples in their own juice," to include only canned pineapples to which no sugar had been added. (See Treasury Decisions 12725, 13767, 23207, 24781, 24494, and 25577.)

Recent court decisions have practically held that all canned pineapples may be entered at the lower rates irrespective of the quantity of sugar added; canned pineapples containing 33 per cent of sugar have been held dutiable as preserved in their own juice.

In order to correct what the customs appraisers agree is a misconstruction of the present law, we ask that in the last clause of paragraph 263, after "pineapples preserved in their own juice," you add the words, "without sugar or spirits added thereto."

In canning pineapples sugar is added to the extent of from 8 to 47 per cent. In Hawaii 91 per cent of the pack contains added sugar and only 9 per cent is actually preserved in its own juice.

There is no sound reason why canned pineapples containing added sugar should not pay the same tariff rate as other canned fruits similarly packed.

While the Hawaiian pineapple growers do not strenuously object to the special rate of 25 per cent ad valorem for canned pineapples when contained in their own juice alone, we do say that the special rate, under present court decisions, would greatly threaten the entire industry. The last clause of paragraph 263 should either be amended as above or else be eliminated.

COST OF LABOR.

In the Hawaiian pineapple industry the average wage for a ten-hour day is 93 cents; the average labor cost in competing tropical countries is from one-fifth to two-fifths of that sum.

COST OF TRANSPORTATION TO MARKET.

The average cost of marketing Hawaiian pineapples is found to be 58 cents per case, or, say, \$14.50 per ton. Under the existing laws these products must be carried in American vessels. It will be found that the difference between the cost of marketing the West Indian pines and Hawaiian pines will represent a large proportion of the present duty.

FRESH PINEAPPLES.

Paragraph 268 of the Dingley Act provides a duty of 7 cents per cubic foot on pineapples in packages and \$7 per thousand in bulk. The rate per cubic foot was supposed to be the equivalent of the bulk rate; in practice it has proven to be one-third less than the bulk rate. The result is that nearly all the fresh pineapples imported come in packages, and pay only a nominal duty of about 4 mills each.

Nearly 1,000,000 crates of pineapples were imported from Cuba alone this past year. The cost per ton of producing fresh pineapples in Hawaii is a little more than double the cost in Cuba and the West Indies; the cost in Florida is three times that of the foreign producer.

These fresh pineapples from Cuba and the West Indies, coming in under the present insufficient duties, not only crowd out the fresh fruit from Florida and Hawaii, but also will tend to drive out the canned pineapple of domestic origin. In other words, the insufficient duty on the fresh fruit will make ineffective the higher duty on canned pineapple.

With reasonable protection, Hawaii and Florida can supply the United States with fresh pineapples of a quality admittedly superior to the imported fruit.

For the above reasons we ask that the duty on fresh pineapples be increased to \$15 per thousand. As the number of pineapples in each crate is stamped on the outside, there is no reason why they should not all be entered at the bulk rate. Even at these rates, pineapples will have much less protection than the citrus and deciduous fruits.

QUALITY OF THE FRUIT.

Hawaiian pineapples are admittedly superior to any of the imported fruit, either fresh or canned.

For this reason we have not asked a rate of duty that fully covers the difference in cost of production.

But without a reasonably protective schedule the inferior imported fruit will destroy the market for the superior domestic pineapples, both fresh and canned.

JAMES D. DOLE,
President Hawaiian Pineapple Growers' Association.
GEO. B. McCLELLAN,
Representing the Chamber of Commerce and
Merchants' Association of Honolulu, Hawaii.

T. M. STEVENS & CO., PORTLAND, OREG., RECOMMEND ASSESSMENT OF DUTY ON CANNED PINEAPPLES WITHOUT REFERENCE TO THE AMOUNT OF SUGAR USED.

PORTLAND, OREG., *December 2, 1908.*

S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We beg to enter protest against the present duty on pineapples in so far as collection of same is enforced by the various collectors of customs as well as the interpretation of the present tariff. We do not object to the rate of 25 per cent ad valorem and under which most of these goods come into this country at present. We believe it would be fair to all, however, if the straight 25 per cent ad valorem covered the importation of these goods without any regard to the percentage of sugar used in packing them.

In importing these goods we have found that interpretation by collector at Port Townsend would differ from that of collector at this city or San Francisco on identically the same goods. We do not believe that the revenue derived by the Government would be any less than at present, and it would enable importers to know exactly as to what their goods would cost them, thus removing risk that they at present run and which oftentimes leads them to decline importing. On the other hand, the Government itself would avoid unnecessary clerical labor and expense in connection with importation of this article.

Very respectfully, yours,

T. M. STEVENS & CO. (INCORPORATED),
T. M. STEVENS.

R. TYNES SMITH SUGGESTS A SPECIFIC AND SEPARATE CLASSIFICATION FOR CANNED PINEAPPLES.FRIDAY, *December 11, 1908.*

R. TYNES SMITH, being first duly sworn, testified as follows:

The CHAIRMAN. You want to speak upon pineapples?

Mr. SMITH. Yes, sir. My request is simply to make a change in the language of the present tariff law.

Referring to that portion of paragraph 263 of the tariff act of July 24, 1907, which reads as follows:

Comfits, sweetmeats, and fruits preserved in sugar, molasses, spirits, or in their own juices, not specially provided for in this act, one cent per pound and thirty-five per centum ad valorem. * * * pineapples preserved in their own juice, twenty-five per centum ad valorem—

it is requested that the words "pineapples preserved in their own juice" be stricken out and the following inserted in their stead:

Pineapples preserved by hermetic sealing, either with or without added sugar, provided the added sugar shall not be in sufficient quantity to constitute the goods a comfit, sweetmeat, or preserve in the common market understanding of these terms.

The effect of that would be to make the duty 25 per cent straight on what are known as canned goods hermetically sealed without sugar or with the moderate quantity of sugar which is usually added to the goods. There has been a very considerable amount of trouble and expense upon that to the Government, and some to us, by reason of the different constructions that have been put on that paragraph as it now stands. There has been litigation of the matter, and we have just got a decision that shows the court is quite uncertain itself as to the construction to be put upon the paragraph, and my interest is simply to clear the matter up and get rid of the bother. We are not asking for any reduction in the tariff, though we would be very glad to have it if it is to be made generally.

The CHAIRMAN. Do you make any complaint of the next paragraph, "Articles containing not over 10 per cent of alcohol?"

Mr. SMITH. No.

The CHAIRMAN. I see there is a large importation of those articles, \$8,000,000 worth.

Mr. SMITH. No; we are not interested in that.

The CHAIRMAN. I did not know but you had some information as to whether the duty was sufficient to cover the internal-revenue tax on alcohol.

Mr. SMITH. We do not use any alcohol in our business.

CHARLES T. HOWE & CO., NEW YORK CITY, THINK DUTY ON CANNED PINEAPPLES SHOULD NOT BE RAISED.NEW YORK, *December 16, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We note that the Hawaiian pineapple packers are endeavoring to have the duty on canned pineapple advanced. We presume that this article is not of importance enough, in comparison

with some of our commodities which are handled in vastly larger quantities, but we forward this letter, to place before you what we consider strong reasons for making no advance should this article of pineapple be brought up later.

In the Hawaiian Islands there are now eight pineapple canners, and we are at present representing three of these in the sale of their product, so that we are vitally interested in the success of the Hawaiian pineapple. Notwithstanding this fact, we believe that a higher duty would be of no advantage, even to the Hawaiian packers, but would be a great disadvantage to the masses who consume pineapple.

Our opinion is formed largely on account of our also being one of the largest importers of Singapore pineapple, at which the Hawaiian producers are aiming when suggesting the higher tariff rates on pineapple. With the present rate of duty, the same size package and the same style of packing would cost for the Singapore product, duty paid New York, about 90 cents per dozen, while the Hawaiian product would cost \$1.90 per dozen.

There is no comparison in quality, the Hawaiian pineapple being so far superior to the Singapore fruit that anyone who could afford to pay 30 cents for a package of Hawaiian pineapple would not use the Singapore article at any price. There are millions of poor people, however, who will buy Singapore pineapple at 10 and 12 cents per can who could not afford to buy Hawaiian pineapple, regardless of how fine the quality. Therefore, as these two grades go into entirely different lines for consumption, we are convinced that there is no competition between the Hawaiian and Singapore product, although both are called "pineapple," and that the raising of the tariff on pineapple would only tend to deprive poorer classes of this luxury without increasing to the extent of a single case the sale of the Hawaiian product.

If these two grades were selling at about the same price and the advance in tariff was for the purpose of Hawaiian packers securing an advance in their selling price so as to add to their profits, there might be a reason for their desiring an increase in the tariff; but as their costs to the jobber to-day are at least double the cost of Singapore pineapple, we would like to protest against any advance in the cost of the cheap article, which goes to the vast multitude.

Yours, respectfully,

CHARLES T. HOWE & Co.

FIGS.

[Paragraph 264.]

STATEMENT OF GEORGE C. ROEDING, OF FRESNO, CAL., IN ADVOCACY OF A DUTY OF THREE CENTS A POUND ON FIGS.

THURSDAY, *November 19, 1908.*

Mr. ROEDING. I am one of a committee of three representing the general committee on tariff revision of the State of California, appointed by the governor. Mr. Woodward, our chairman, has already presented a brief covering our desires on the subject of fruit in general, and my wish is to make special mention of the fig industry,

which has not been as fully discussed as it should be in the briefs that have been presented. With your permission, I should just like to give you a short synopsis of this. Page 30, paragraph 264, of the tariff on imports into the United States, as contained in the act of July 24, 1897, imposes a duty of 2 cents per pound on figs.

Of all the fruit industries of California, the growing of figs stands in a very unique position. Strange as it may seem, nevertheless it is a fact, that this duty has not to any appreciable extent caused the growing of figs to develop in proportion to other lines of fruits. For a period extending over fourteen years, from 1893 to 1907, there has been practically no change in the value of the imports, except in the last five years, during which time there has been a steady increase in their quantity and value, until in 1907 the importations amounted to something over 12,000 tons, representing a value of \$1,136,924, which is almost half the total output of Smyrna figs, practically all of which are grown in Asia Minor. This fully indicates the fact that the United States is the largest consumer of this most delectable, world-famous product. During this same period the output of American dried figs has varied but very slightly from 2,500 to 3,000 tons annually, representing a value of from \$120,000 to \$150,000 to the producer.

The slow development of this industry is directly attributable to the fact that it is only within the last few years that a fig identical with the world-famous Smyrna fig has been produced, thus placing us for the first time on a footing of equality and enabling us to compete with the imported article. The fact that California has only very recently been in a position to place this new fig on the market has led to the fixed impression in the minds of the consumers that good figs could not be raised there. The growers who have engaged in this occupation in a small way are confronted not only with the competition of the imported fig, but are compelled to overcome the prejudice which has existed against our figs in general.

It was only after fourteen years of persistent and costly experimenting, during all of which time the writer insisted that Smyrna figs equal to the imported dried fruit could be successfully raised in America, that he finally succeeded in perfecting and producing this fig and convincing experts that it was entitled to recognition as one of the most promising of our fruit products. Good figs are admittedly the most healthful and desirable of all fruits and such can undoubtedly be produced in quantities to supply the demand now filled by the imported article, as well as any future requirements, provided proper encouragement be given American growers for its propagation by adequate tariff legislation.

Briefly, the successful production of this fig is dependent upon a small insect known as *Blastophaga grossorum*, without which agency the fig can not be produced. Prior to the introduction of this little insect, the writer cared and cultivated for a 60-acre fig orchard for fourteen years without deriving one cent of remuneration, although thousands of dollars were expended in the maintenance of the property and in efforts to introduce the insect.

The successful solution of the problem was finally brought about through the efforts of Hon. James Wilson, Secretary of the United States Department of Agriculture, who instructed one of his agents, then stationed in Naples, to send to California colonies of these in-

ects. The first shipments were made in the year 1898, but without success, and it was not until 1899 that this little insect became established in its new home.

The propagation of this insect takes place in the following manner:

To begin with, the fig in which it hibernates and in which it propagates its species is an entirely distinct tree from the one producing the edible and dried product. This particular fig tree stands in the relation of male to the edible fig. The only crop of this fig which is of any value for the production of the edible fig is the one which reaches maturity in June, at which time the figs are gathered from this tree and hung among the branches of the Smyrna, or edible fig tree. The caprifigs, which serve as a home for the insect, are filled with minute galls containing male and female wasps. The male wasps emerge from these galls first, open the galls containing the female with their powerful mandibles, and impregnate her. She then passes out of the fig, her body and wings becoming covered with the pollen from the male or staminate blossoms surrounding the fig orifice, and enters the edible fig which contains nothing but female flowers. The construction of these flowers is such that she can not deposit her eggs, but in her efforts to do so she distributes the pollen from the female blossoms—and there are thousands of them inside of a fig—so that each minute blossom becomes pollinated and thus produces a fertile seed. In consequence of this the fertilization of the flowers causes the figs to remain on the trees and mature into perfect fruits, which, were it not for the agency of this minute insect, would immaturely drop off when only about the size of marbles, which condition universally existed until the insect was introduced, since which time crops mature naturally and abundantly.

Under the present tariff of 2 cents per pound there is not sufficient protection to encourage the planting of this fruit on a scale commensurate with its value as a commercial product, for the reason that under our labor conditions—farm laborers commanding from \$1.50 to \$1.75 per day—the figs can not be harvested for less than 1 cent per pound; the care of the orchard until harvest season means an additional expense of another cent; add to this a reasonable rate of interest for the money invested, which approximately would represent an additional outlay of a cent, makes it quite evident that the present tariff is not high enough to encourage the advancement of this industry, and so we recommend that the duty on figs be increased to 3 cents per pound, under which duty we feel certain this industry will flourish and expand enormously.

Under the present tariff the consumer has never been benefited in the least, for it is a well-known and established fact that Smyrna figs have never sold for less than 20 and 30 cents per pound to the consumer, making quite evident the fact that the monopoly which the imported product has enjoyed has been the cause of maintaining the price of the products at a figure far beyond the reach of people of limited means. It is quite evident that an increase in the tariff will not cause any increase in the price of the dried fruit to the consumer, for the reason that it is far too high already, and it is only by the competition of our California fruit that it will be brought down to a figure which will cause it to be universally used as a food product. This is aptly illustrated by prices obtained for raisins before California entered the market as a competitor, when the ruling price was more than double what it has been since she became an active factor.

We feel that with a duty of 3 cents per pound on imported figs California will, as she has in the raisin business, demonstrate her ability to supply all our demands at a very much reduced cost to the consumer.

The following table is an exemplification of what we have hereinbefore set forth:

Fig tabulation.

Year.	Imports.	Value.	Production.	Value.
	<i>Pounds.</i>		<i>Pounds.</i>	
1893.....	10,503,928	\$548,995	900,000	\$13,500
1894.....	7,985,959	392,040	1,550,000	23,250
1895.....	11,855,890	587,420	2,750,000	55,000
1896.....	11,900,710	639,512	2,160,000	43,200
1897.....	8,540,762	535,380	3,250,000	65,000
1898.....	9,628,426	509,002	4,780,000	107,550
1899.....	7,284,058	356,762	5,800,000	120,500
1900.....	8,812,487	513,895	4,000,000	90,000
1901.....	9,933,871	458,513	6,500,000	146,250
1902.....	11,087,131	487,733	7,250,000	163,125
1903.....	16,482,142	774,917	6,000,000	150,000
1904.....	13,178,061	660,360	5,700,000	140,000
1905.....	13,364,107	617,027	7,250,000	181,250
1906.....	17,562,358	722,967	7,750,000	193,750
1907.....	24,346,173	1,136,924	6,000,000	150,000

That table shows how imports have been increasing all the time, and I want to say further, gentlemen, that lately I bought a pound of Smyrna figs in Chicago and paid 25 cents a pound for them. It merely illustrates that although the imports have increased from 10,503,928 pounds in 1893 to 24,346,173 pounds in 1907 there has been no change in the price of Smyrna figs to the consuming public.

Mr. UNDERWOOD. What was the extent of that industry ten years ago?

Mr. ROEDING. It was very small.

Mr. UNDERWOOD. How many acres were there under cultivation?

Mr. ROEDING. Not over 1,000 to 1,200 acres.

Mr. UNDERWOOD. How much is the area now?

Mr. ROEDING. Not over 4,000 acres.

Mr. UNDERWOOD. It has increased fourfold in ten years?

Mr. ROEDING. Yes, sir.

Mr. UNDERWOOD. What is the cost of the production of your figs f. o. b. the cars?

Mr. ROEDING. The curing of the crop costs in the neighborhood of a cent a pound.

Mr. UNDERWOOD. That is, the price on the cars, f. o. b. for shipment, is a cent a pound?

Mr. ROEDING. That is only for the harvesting of the crop, and to that would have to be added the cost of packing.

Mr. UNDERWOOD. My question was, What does it cost you to put your crop f. o. b. the cars?

Mr. ROEDING. Probably you do not understand this, that the fig we are producing in California at the present time is an inferior fig, outside of this new fig which is in the first stages of development, to the imported fig, and at the present time we get from 3 to 4 cents less per pound for the fig we are producing now than for the imported article.

Mr. UNDERWOOD. What I asked you was, how much it cost you to put them on board the cars?

Mr. ROEDING. It costs in the neighborhood of 3 cents.

Mr. UNDERWOOD. F. o. b. the cars for shipment?

Mr. ROEDING. Yes, sir.

Mr. UNDERWOOD. Where do you sell your crop?

Mr. ROEDING. It is distributed throughout the United States, in the West and also in the East, in New York, Chicago, St. Louis, Kansas City, all those cities.

Mr. UNDERWOOD. What do you sell it for?

Mr. ROEDING. It brings in the neighborhood of 5 to 6 cents.

Mr. UNDERWOOD. And how much of that is taken up in freight rates?

Mr. ROEDING. About a cent a pound.

Mr. UNDERWOOD. You make about 2 cents a pound?

Mr. ROEDING. Not quite that.

Mr. UNDERWOOD. How much is that an acre?

Mr. ROEDING. The production of figs with us is in the neighborhood of a ton to the acre. The report here shows that our product in 1907 was about 6,000,000 pounds.

Mr. UNDERWOOD. That is something like \$40 an acre you are making on your fig crop at the present time?

Mr. ROEDING. Not to the grower; no, sir. When I refer to the additional cost of putting it on the cars you must add the packing charges. I am adding the packing charge there.

Mr. UNDERWOOD. I thought you said on board the cars, adding the packing charges, it was 3 cents.

Mr. ROEDING. It is more than that.

Mr. UNDERWOOD. How much?

Mr. ROEDING. The packing charges are just about equal to what it costs to deliver to the packing-house. If the figs bring 2 cents, you can figure the packing charges at an additional 2 cents, making about 4 cents.

Mr. UNDERWOOD. It costs you about 4 cents? What I want you to give me is the net profit you are making on the figs.

Mr. ROEDING. The harvesting of the crop is about a cent. The cultivating charge is close on to another cent; so that the net profit is very small. It does not average to the grower over a cent.

Mr. UNDERWOOD. You make about a cent a pound on your figs?

Mr. ROEDING. Yes.

Mr. UNDERWOOD. And you raise about a ton to the acre?

Mr. ROEDING. About a ton to the acre; yes, sir.

Mr. UNDERWOOD. That gives you a profit of about \$22 an acre?

Mr. ROEDING. Yes; but of course you must bear in mind that the fig I am referring to has never really come into competition with the imported fig on account of its being an inferior fig, and the fig we are trying to develop now, and on which thousands of dollars has been expended in its introduction, is simply in the first stages of its development.

Mr. UNDERWOOD. You expect this new fig you are developing will be more profitable than the old?

Mr. ROEDING. We hope it will be.

Mr. UNDERWOOD. It would be more profitable under the present conditions than the old one, would it not?

Mr. ROEDING. Yes; after we once get it established; but of course it requires a very heavy expenditure of money to introduce it.

Mr. UNDERWOOD. As the growth of figs, the development of the industry in this country, has increased in the past ten years fourfold, under present conditions with a new and better fig you would probably develop that pretty rapidly, would you not?

Mr. ROEDING. Very rapidly, but our product is only 6,000,000 pounds against 24,000,000 pounds of the imported article.

Mr. UNDERWOOD. Do you not think it would be better for the development of your industry to develop it with reasonable speed, instead of to induce a vast amount of capital to go into it all at one time?

Mr. ROEDING. Take the development since 1893; there has been very little change in the amount of figs used from 1894 to the present time.

Mr. UNDERWOOD. I thought you said the amount had increased fourfold?

Mr. ROEDING. The acreage has increased to 4,000 acres, but, of course, all of that is not in full bearing. That is a very small development for the State of California.

Mr. UNDERWOOD. How long does it take a fig tree before it bears?

Mr. ROEDING. About five or six years.

Mr. UNDERWOOD. Then it is only a question of time when these figs will come into bearing and producing?

Mr. ROEDING. Yes; but, of course, if a grower does not receive sufficient encouragement and inducement he will not plant any more figs.

Mr. UNDERWOOD. According to the figures here, most crops in the United States are not paying more than \$20 an acre?

Mr. ROEDING. Twenty dollars an acre would not cover the interest on the investment, and the time a man must work before his trees come into bearing.

Mr. POU. How much of the cost of your figs is labor?

Mr. ROEDING. The handling of them?

Mr. POU. Yes.

Mr. ROEDING. The labor of harvesting represents about \$20 a ton.

Mr. POU. That is a cent a pound?

Mr. ROEDING. A cent a pound for harvesting. That does not include, you understand, the cultivation.

Mr. POU. Including the cultivation and all of it, how much of it is labor?

Mr. ROEDING. The actual labor is in the neighborhood, including cultivation and harvesting, of \$35 an acre. Figuring a ton to the acre, it is about \$35 a ton.

Mr. POU. Two cents a pound?

Mr. ROEDING. Yes, sir.

Mr. GRIGGS. You do not insist that anybody ought to make more on an acre of figs than on an acre of peaches, do you?

Mr. ROEDING. No; I do not.

Mr. GRIGGS. Or on an acre of cotton?

Mr. ROEDING. I do not insist on that, but I do say that it seems, under the present conditions, that with the tariff that we have at this time, the imports have increased right along and the consumer has never received any benefit of any lower price; but by the competition

of this new fig, so that we will be placed on an equality with the imported fig, the price will naturally come down to the consumer.

Mr. GRIGGS. You have got more protection now than your entire labor cost comes to.

Mr. ROEDING. Well, that is all very true.

Mr. GRIGGS. How much more do you think you ought to have?

Mr. ROEDING. But as it is, the experimental work has cost thousands of dollars, and it is very difficult to induce a grower to engage in this business unless he feels he is going to derive a profit from it.

RAISINS.

[Paragraph 264.]

STATEMENT OF M. F. TARPEY, OF FRESNO, CAL., REPRESENTING THE FRESNO CHAMBER OF COMMERCE, RELATIVE TO RAISINS.

THURSDAY, *November 19, 1908.*

The CHAIRMAN. We are very much pressed for time this afternoon, and I hope you will bear that in mind.

Mr. TARPEY. I appreciate that. I sat here all yesterday and this morning, and I appreciate the pressure on you gentlemen; but we are from a long way off, and when we come 3,000 miles we think we ought to be heard.

I have come here to represent the growers in the raisin and currant business. I am engaged in that enterprise myself. Paragraph 264, on page 30, of the tariff act of July 4, 1897, as printed, provides a tariff of 2½ cents per pound on raisins and 2 cents per pound on currants, Zante and other.

Under the stimulus of tariff protection the raisin industry of California, the center of which is Fresno County, has grown from nothing to the enormous quantity of 130,375,000 pounds in the year 1907. These raisins were produced under economic conditions entirely dissimilar from the conditions obtaining in foreign countries where raisins and so-called currants are produced. The California raisin comes in competition with raisins from Spain and so-called currants from Greece and Asia Minor, where said raisins and currants are produced with a labor charge of from 25 to 40 cents per day, as against from \$1.50 to \$1.75 and even \$2 a day paid by the California grower, and with a freight charge from European and Asia Minor ports to American Atlantic seaboard ports of \$5.75 per ton, as against the freight charge to California growers from California to eastern points of \$20 a ton (which is announced to be raised to \$22 per ton on the 1st of December next).

Under such conditions without a compensating tariff it would be impossible for the California raisin-growing industry to exist, and we wish to point the committee's attention to the fallacy, in at least as far as raisins are concerned, of the oft-repeated statement that "the consumer pays the tariff;" the fact that raisins, from a cost to the consumer of from 15 to 25 cents a pound prior to the imposition of a tariff and before the commercial production of raisins in

California forced prices down to $3\frac{1}{2}$ cents per pound, the average market price of raisins in the center of the industry, in Fresno, Cal., for a long series of years past proves the saying a fallacy where producers compete for a market for their product; the reason is obvious, the competition of upward of 3,000 growers, the condition now existing in California, and the producers of raisins from approximately 100,000 acres of land (giving an average of about 30 acres to the grower), who compete with one another in the disposition of their crops, keeps the price always at a small advance above the actual cost of production, and it often happens, in the eagerness of said competition, that prices go even below the price of production, the consumer meanwhile reaping all the benefits.

The California raisin grower is, however, seriously injured and prejudiced by the competition of the so-called "Zante currant," which in fact is not the product of a currant bush at all, but is the product of a vine, and is really a grape and in its dried condition a raisin.

We request, therefore, that in the coming tariff schedule it be provided that all so-called "currants" be required to be labeled and marketed as what they really are, viz, seedless raisins.

Under the name of "currants" this product has been admitted into the United States at a tariff of 2 cents per pound, and I herewith append a tabulation of the production and importation of raisins and currants separately, in parallel columns, to emphasize the fact that the additional tariff of one-half a cent a pound is required on currants to make it the same as the raisin, which it is, in order that protection be given to our producers of the so-called "Thompson's seedless"—the true Sultanina of Asia Minor and our seedless Sultana raisins, the competitors of the Zante currant, which latter is the dried product of a vine the grape of which is known as the "black and white Corinth."

In this behalf we beg to quote from the report of Mr. David G. Fairchild, agricultural explorer of the United States Department of Agriculture, to the Secretary of Agriculture, under date of April 5, 1901, in reference to the Corinth vineyardists of Greece, as follows (writing of a law enacted by the Grecian Government):

This law is unique and is well worth study. By its provisions every shipper of Corinth is obliged to deliver to the custom-house, together with his declaration of export, a receipt which shows that he has deposited in the stores established by the Government an amount equal to 15 per cent of the amount of Corinth which he wishes to export. The exporter puts on his bill which he forwards to the purchaser a statement of the amount ordered and its price, plus the price of 15 per cent of this whole order, which same he has been obliged to turn over gratis to the Government, according to the retention act. The foreign purchaser, in other words, when he buys a hundred tons of currants pays the shipper for 115, virtually making a present to the Government through the exporter of the 15 tons. The percentage of the retention is not always 15, but is a figure decided upon yearly by a committee of officials from the different centers of Corinth production. Last year, owing to the devastations of the mildew and consequent short crop, it was put down to 10 per cent. The Corinth donated, as it were, by the foreign buyer to the Greek Government are sold by the latter to local distillers, wine makers, etc., with the proviso that they be not exported as currants, but reduced to a pulp, sirup, or distilled product. The necessary precautions are taken to insure their not being illegally exported in the dried form.

While in general the grower sells all his fruit direct to the shipper, he often chooses to deliver his inferior grades to the retention stores, from which he

receives a receipt which is in Greece a negotiable paper. These papers bring almost the same value as the current market value of the grade of Corinth delivered.

With the retention stock of Corinth the Government is able to foster native distilleries and wine makers, and with the moneys secured from their sale a bank has been started called the "Currant Bank," which loans money to the planters on their currant crop on the easy terms of 5 per cent, and assists them in other ways, as, for example, by importing copper sulphate for the treatment of the mildew. The bank will import this year 2,000 tons of bluestone for the preparation of Bordeaux mixture.

The effect of this ingenious law has been to bring up the price of Corinth, which had gone down to \$22 per ton, to the old figure which prevailed before the prohibitive French duty was put on, viz, to about \$48 per ton, this latter being one which will insure to the producer a fair profit. This law reminds one of the Dutch methods employed in the early days of the nutmeg culture in Banda, when the Government burnt in big bonfires on the beach thousands of pounds of nutmegs every year and advertised such destruction in the European market in order to quiet the fears of an oversupply and keep up the high price of the product, of which the Government had a monopoly. The Greek law is only like the Dutch one in so far as it attempts to limit the amount put on the market instead of to increase the methods of distribution and encourage a more general consumption. It is more clever because it is directly levied upon the foreign consumer and makes a use of the surplus instead of destroying it.

From the tabulation below it will be seen that the importations of foreign raisins in 1887 amounted to 20,386 tons, of a value of \$2,281,981, while the production of California raisins at that time amounted to only 8,000 tons, of a value of \$880,000. The importations of foreign raisins since 1887 have, as shown in the tabulation, steadily decreased, while the production of California raisins has as steadily increased, showing in 1907 (the last year for which the accounts have been made up) that the foreign raisin imports had declined to 1,983 tons, of a value of \$364,403, while the production in California had increased to over 65,000 tons, of a value of \$4,225,000.

Your attention is most especially called, however, to the very different condition shown by the appended tabulation in reference to the so-called "Zante currants." Their importation has steadily increased from 12,593 tons in 1898 to 19,190 tons in 1907, the value of the latter being given as \$1,746,941. These currants, therefore, have filled the market for similar goods produced by California growers, and that, we believe, is owing entirely to the lower duty upon those so-called "currants," permitting them to be imported at less than raisin duty and coming into direct competition with the domestic producer. Were this remedied the seedless raisins of California production would, we feel convinced, shortly take their place and thus enlarge the market of California raisins to that extent.

We therefore request, first, that the present duty of $2\frac{1}{2}$ cents per pound on raisins be continued and made to read to include all raisins, and that the present duty on currants of 2 cents be raised one-half a cent a pound, placing them on an equality with all other raisins, and that when imported they be required to bear their true appellation of "seedless raisins."

Year.	Raisins.			Currants.	
	Imports.	Value.	Production.	Imports.	Value.
	<i>Pounds.</i>		<i>Pounds.</i>	<i>Pounds.</i>	
1887.....	40,673,288	\$2,281,981	16,000,000	-----	-----
1888.....	40,476,763	2,070,120	19,000,000	-----	-----
1889.....	35,091,139	1,736,786	25,000,000	-----	-----
1890.....	36,914,330	1,997,103	38,000,000	-----	-----
1891.....	39,572,655	2,018,879	52,000,000	-----	-----
1892.....	20,687,640	964,309	57,000,000	-----	-----
1893.....	27,543,563	1,266,342	89,850,000	-----	-----
1894.....	13,751,050	554,081	107,520,000	-----	-----
1895.....	15,921,278	651,420	95,610,000	-----	-----
1896.....	10,826,004	460,200	70,960,000	-----	-----
1897.....	12,650,598	567,039	94,154,000	-----	-----
1898.....	6,593,833	381,889	81,271,000	25,186,210	\$837,987
1899.....	4,933,201	282,400	72,068,000	30,849,253	798,357
1900.....	10,309,498	531,124	94,805,000	30,251,779	916,908
1901.....	3,860,836	297,631	74,360,000	36,149,198	916,994
1902.....	6,683,545	399,973	106,375,000	36,238,976	1,238,760
1903.....	6,715,675	476,844	120,410,000	33,878,209	743,644
1904.....	6,867,617	355,542	75,340,000	38,347,649	997,430
1905.....	4,041,689	273,631	87,885,000	31,742,919	764,289
1906.....	12,414,855	524,590	95,400,000	37,078,311	1,119,146
1907.....	3,967,151	364,403	130,375,000	38,392,779	1,746,941

Now, I have a large amount of tabulations and statements and so forth, and I would say for your information that we have had a statistician, a very able man, at work on this for months, and this is simply in addition to what I have presented here to bring out some special features.

Mr. UNDERWOOD. Do you give the cost of production in those figures?

Mr. TARPEY. No, sir.

Mr. UNDERWOOD. What is the cost of production?

Mr. TARPEY. As to the cost of production, the Government is the only one that I have ever been able to find that could state that. The cost of production on every 160 acres of land in the country is different.

Mr. UNDERWOOD. What is your cost of production?

Mr. TARPEY. Of what?

Mr. UNDERWOOD. Raisins.

Mr. TARPEY. We put raisins into the sweat box at between 2 and 3 cents a pound.

Mr. UNDERWOOD. What is your cost of everything except interest on your capital f. o. b. the cars for shipment?

Mr. TARPEY. We do not ship anything f. o. b. the cars. I am speaking from the grower's end of it entirely. The manufacturer's end is entirely separate from ours. We sell to the manufacturers, quite a number of them.

Mr. UNDERWOOD. What is the cost at the point of sale?

Mr. TARPEY. The cost at the point of sale is altogether dependent upon how much raisins the particular piece of land raises in a year.

Mr. UNDERWOOD. I asked you—

Mr. TARPEY. If you will excuse me, I will endeavor to answer you, and as definitely as I can. The cost of production differs with every year and every piece of land and all the conditions. One year you may have a crop that will be twice as large as another year. Your expenses will not increase anything like double. Another year you

may have a very large crop, and your expenses may be less than they were the previous year. Of course you gentlemen, who are not engaged in agricultural pursuits, do not appreciate that as much as we do who are growing the stuff; but taking it one year with another, the cost will be in the neighborhood of $2\frac{1}{2}$ to 3 cents. A great many people have gone out of business because their land did not produce enough to justify them in continuing in the business.

Mr. UNDERWOOD. Two and one-half to 3 cents a pound is a fair estimate of the cost of production at the point of sale?

Mr. TARPEY. Yes, sir; that is, delivered in the packing house.

Mr. UNDERWOOD. What do you sell them for?

Mr. TARPEY. We sell our product for that, and in that neighborhood. When I left there, there was quite a discussion as to whether they would get 2, $2\frac{1}{2}$, $3\frac{1}{2}$, and some were demanding 4 cents, and all kinds of prices; but there was very little selling, and what was selling was selling in the neighborhood of 3 cents.

Mr. UNDERWOOD. To bring it down to an actual case, what did your crop cost you to produce last year?

Mr. TARPEY. I do not know, because we have not made up the books for this last year.

Mr. UNDERWOOD. What did yours cost?

Mr. TARPEY. Personally I do not make them into raisins; I sell my grapes green. Therefore I can not tell what it cost last year. As a general rule they cost $2\frac{3}{4}$ cents. That would be a fair average.

Mr. UNDERWOOD. Do you not make any profit in raising your raisins?

Mr. TARPEY. Yes.

Mr. UNDERWOOD. What is that profit?

Mr. TARPEY. That differs. One year the raisin men sold their raisins for $1\frac{3}{4}$ cents. They did not make a profit. Another year they got 4 cents a pound, and they made a profit that year.

Mr. UNDERWOOD. What is the profit on an average crop at an average price?

Mr. TARPEY. Without talking about the interest on their land, because every man's land is valued differently—

Mr. UNDERWOOD. The profit stands for the interest on the investment.

Mr. TARPEY. Yes; the profit must stand for that. They expect to make—their reasonable presumption, and what we are trying to produce, is—1 ton to the acre. The profit on that 1 ton would determine what your profits would be for the year. Now, some of the land produces as low as half a ton. Those people are going out of business. Their land is not suitable. The average would be about three-quarters of a ton, take it the whole raisin crop over. That produces a profit of \$45 or \$50.

Mr. UNDERWOOD. Forty-five dollars or \$50 an acre?

Mr. TARPEY. Yes, sir; without counting the interest on your land at all.

Mr. GRIGGS. Do you mean that is the net profit per acre?

Mr. TARPEY. I mean that is the net profit over the price of producing the crop, without taking into consideration the interest on the land.

Mr. GRIGGS. What do you count the interest on the land?

Mr. TARPEY. I suppose interest on the land is usually considered 6 per cent; a reasonable interest. Some men value their land at very much more than others do. Some land will produce twice as much a year.

Mr. GRIGGS. That is what I am asking you; what is the absolute interest, not the comparative interest?

Mr. TARPEY. Interest in our country is 7 per cent.

Mr. GRIGGS. Interest on what amount?

Mr. TARPEY. That is what I am trying to tell you.

Mr. GRIGGS. What is the land worth?

Mr. TARPEY. A real good vineyard is worth \$300 an acre.

Mr. GRIGGS. And what you want to make on that is 7 per cent?

Mr. TARPEY. Yes.

Mr. GRIGGS. Before you begin to count your profits?

Mr. TARPEY. No, sir; we have to take the results in the market, however they come.

Mr. GRIGGS. Yes; I understand that.

Mr. UNDERWOOD. You assume the average value of the land at \$300 an acre and your average profit at \$40 an acre?

Mr. TARPEY. It would go \$40 or \$50 an acre.

The CHAIRMAN. You claim to produce the finest raisins in the world in California, do you not?

Mr. TARPEY. Yes, sir; and I was very much gratified, as a Californian, to hear so many encomiums on the California products.

Mr. UNDERWOOD. These currants are hardly up to the poorer class of imported raisins, are they?

Mr. TARPEY. No, sir; they fill a different place altogether. They go into buns and cakes and puddings and all that kind of thing.

The CHAIRMAN. And mince pie?

Mr. TARPEY. Yes.

The CHAIRMAN. Every manufacturer of mince-meat, while he may use some Zante currants, uses a good proportion of genuine raisins besides, does he not?

Mr. TARPEY. The Zante currant is a raisin.

The CHAIRMAN. No; but they take the place of raisins in some kinds of cookery, do they not?

Mr. TARPEY. Yes.

The CHAIRMAN. If they do not, how do they interfere with your raisins?

Mr. TARPEY. Of course, the whole theory of the protective business is this: If our raisin business were injured to-morrow and our production commenced to decrease, the price of the goods abroad would increase and the consumer would be obliged to pay the difference. The mere fact that we produce so many raisins in California has driven it down by competition among the people themselves as close to the point of cost of production as a thing can possibly be, and the people get the benefit of that. The people who consume them get the benefit of it.

The CHAIRMAN. I can not quite see how this increased duty on Zante currants will help your raisin business.

Mr. TARPEY. It will help us in this way, that it will make a market for these seedless raisins we are producing, and the production of them will be more largely stimulated.

The CHAIRMAN. Not unless the Zante currants do take the place of raisins?

Mr. TARPEY. They do take the place of raisins.

The CHAIRMAN. That is what I thought.

Mr. TARPEY. They do take the place of raisins, and we are producing the same thing in the shape of what we call Thompson seedless grapes and seedless Sultana grapes, and we want to continue the production and propagation of that grape until we have enough to supply that market that is now supplied by the Zante currant. It gives employment to a large number of people and furnishes occupation to everybody.

The CHAIRMAN. I understand that. I was trying to see what effect the duty might have on the importation. That is all.

Mr. GRIGGS. With us, land that grows cotton is worth \$30 to \$50 an acre, and we make 7 per cent on that to start with, and then whatever profit we can get out of it.

Mr. TARPEY. Yes, sir.

Mr. GRIGGS. Do you not think you are doing as well as we are, with the profit you are making?

Mr. TARPEY. The reason our profits are so low is from the fact—

Mr. GRIGGS. So low?

Mr. TARPEY. Yes.

Mr. GRIGGS. You get 7 per cent on \$300 an acre to start with.

Mr. TARPEY. Very well; but our land is worth that. We can devote it to a great many other things.

Mr. GRIGGS. You get 15 per cent in all.

Mr. TARPEY. Yes; we make about that.

Mr. GRIGGS. Fifteen per cent on \$300 an acre?

Mr. TARPEY. Yes.

Mr. GRIGGS. Do you not think you are pretty well off?

Mr. TARPEY. There is the investment on the land; and it is a very hazardous business. Some years it is like your cotton crop with the boll weevil.

Mr. GRIGGS. You do not think it is right and proper that you should be permitted by act of Congress to make 15 per cent on \$300 an acre and we only make, say, 7 per cent on \$50?

Mr. TARPEY. I do not know what you gentlemen make down there, but our land is especially adapted to that.

Mr. GRIGGS. You can not grow cotton in California.

Mr. TARPEY. I beg your pardon, we can. We grew it there, but the labor conditions were such that we could not harvest it. The labor conditions do not permit us to harvest it at all. Our labor condition is a very serious one in California all the time. Further than that, we do not know what time this pest and that and the other pest may attack us. We are threatened with the phylloxera in California. We have over \$100,000,000 invested there.

Mr. GRIGGS. Mr. Dalzell over there has it in his State.

Mr. TARPEY. Yes.

Mr. GRIGGS. You will have to have a small appropriation from the Agricultural Department.

Mr. TARPEY. The Agricultural Department has not done much yet for us, but we expect them to. A man to be a horticulturist to-day must be more or less of an entomologist, and he must delve into science

in order to protect himself against the many things that threaten his crops.

Mr. GRIGGS. You are the best set of farmers I know of.

Mr. TARPEY. We pride ourselves on it; but we spend our money royally when we get it.

Mr. NEEDHAM. The value of the land being \$300 an acre, and the profit \$40 an acre, that is \$1,200 income on 30 acres; and as 30 acres is the average holding, that means \$1,200 for a family.

Mr. TARPEY. Yes, sir; and we have holdings as low as 5 acres.

Mr. FORDNEY. Whether the value of the land is \$30 an acre or \$300 an acre, the point is the interest on your investment?

Mr. TARPEY. Yes. I told my friend here that that was the very best land. There is a great deal of that land that you could not sell for \$50 an acre, and there is a great deal that does not produce anything, and the people unfortunately are in distress. That is a sorrowful thing to see in any farming community, where people are in distress; but it is because they are endeavoring to devote to a specific purpose land that is not suited for it. The raisin succeeds in Fresno County because of the lack of humidity in the summer. On a summer night a piece of jeweler's tissue paper has been staked out on the ground in the open after the sun went down, and taken up in the morning, and it was crisp and dry as it was when it was put down. That enables us to dry our fruit as we do. And as for water, we have an abundance of it.

CURRENTS, DATES, FIGS, AND NUTS.

[Paragraphs 264 and 269-272.]

STATEMENT OF LUCIUS R. EASTMAN, JR., OF NEW YORK, REPRESENTING THE NEW YORK DRIED FRUIT ASSOCIATION.

THURSDAY, *December 17, 1908.*

Mr. Chairman and gentlemen of the committee, I was asked to come here and appear in the name of The Hills Brothers Company, of which I am a member; but I represent here also a committee of the New York Dried Fruit Association, and perhaps I had better appear in the name of the New York Dried Fruit Association. I have a brief which I would like to file in the name of the New York Dried Fruit Association.

The CHAIRMAN. Is it a brief or a statement?

Mr. EASTMAN. It is a statement covering the subject of dried fruits. It is a brief, or an argument, and I would like to facilitate the matter by placing it before you. I have copies of the brief here.

The CHAIRMAN. It may go into the record.

Mr. EASTMAN. The articles which we are bringing before you this morning are all articles of food, articles of necessity; and we are asking in the last case for a decrease of duty, because of the fact that they are articles of food, articles of necessity, that are used by the poorer classes of people of this country.

Mr. FORDNEY. How much do you want the duty reduced?

Mr. EASTMAN. It appears in the brief. I treat each article by itself in the brief. The portion of the tariff act which covers it are paragraphs 240 to 270, currants, figs, dates, and things of that nature. In every case where we have asked a change it has been a reduction. In every case where we have asked reduction it has been in articles which are not produced in this country, or articles which do not compete in any way with food products which are produced in this country.

The amount of revenue which we are bringing into this country is about \$4,000,000 at the outside and the reduction that we are asking probably would not make any material difference in the revenue. The first article of which I will speak is currants. One gentleman who appeared here to represent the people in California made some extended statements in regard to currants. While we do not wish to criticise anyone in any way, yet one of the gentleman who appeared before you did not give the full facts before the committee.

The CHAIRMAN. I think we understand pretty well that currants are not grapes.

Mr. EASTMAN. I did not want to have that misunderstood.

Mr. FORDNEY. It was said that they took the place of grapes for some years.

Mr. EASTMAN. Yes, sir; I would like to speak of that. That is covered in the first two or three pages of the brief which I have presented from the Hills Brothers Company. I was asked to take this before the Congress of the United States and to explain that the currant is not a raisin and can not be so termed. I was interested in looking at the Wholesale Grocer, giving the history of the grocery trade in 1548, and I found that the grocers handled raisins, currants, spices, etc. I have quoted, on page 3 of the brief, that Congress fully understood the situation in the legislation on these currants, and that there is nothing in the United States except the Zante currants.

The CHAIRMAN. We are satisfied that currants are not grapes.

Mr. EASTMAN. Yes, sir.

Mr. CRUMPACKER. One gentleman stated that the Zante currants imported were, in fact, the seedless grapes; that these grapes were the commercial currants.

The CHAIRMAN. We know that they come in under the duty of this paragraph.

Mr. NEEDHAM. As a matter of fact, do they not come in direct competition?

Mr. EASTMAN. There is no competition. If it is at all interesting to the committee, I have samples here of these seedless and Muscatel grapes, and it can be seen that they are not the same thing. I will show them if the committee are interested in looking at them.

Mr. NEEDHAM. Have you a sample of the Zante currants?

Mr. EASTMAN. I have samples of the seedless Muscatel grapes, and also samples of the cleaned and uncleaned currants. I want to call particular attention to the fact that there is no direct competition between the currant and the raisin. The currant is used by the poorer class of people.

Mr. GAINES. Which of these samples is the Zante currant?

Mr. EASTMAN. The only currant before you is the Zante currant. As a matter of fact, as stated by the gentleman from California, Cali-

ifornia is not able to raise currants. There is only one place in the world where dried currants of commerce are raised, and that is on the Grecian Archipelago. They are brought from there into this country in an unclean condition, and taken to the factories and cleaned and sold in packages. There is no question as to whether they are competing with the raisin. There are three or four facts I would like to present in that respect. They are imported into California itself and go into the cities of Los Angeles, San Francisco, and Seattle. They go there in larger quantities proportionately than they do in any other part of the United States. The Hills Brothers Company send them to the western coast from New York City. Those currants are sent to supply the trade.

Mr. NEEDHAM. The gentleman from California only referred to the Zante currants.

Mr. EASTMAN. Yes; this is the Grecian currant.

Mr. NEEDHAM. Do you mean to say that there is no other class of currant except the Zante currant imported into the United States?

Mr. EASTMAN. I think that I am making a fair statement when I say that there are no Zante currants imported into the United States. Am I not correct about that [referring to another gentleman in the audience, who answered that Mr. Eastman was correct]? When a tariff was placed on currants it was only placed on the Zante currants. Most of the currants now imported are not grown in Zante, but in other places in Greece. When we speak of the Zante currant we mean currants raised in Greece.

Mr. NEEDHAM. You say that there is no difference between the Zante and other currants?

Mr. EASTMAN. No, sir.

Mr. NEEDHAM. When you go into the market to buy currants do you always get the Zante currants?

Mr. EASTMAN. Yes, sir. There are some currants known as the fresh garden currant, which grows on the ordinary currant bush. The dried currant is the Grecian currant.

The CHAIRMAN. I find that in 1896 it was found from the separators' reports that there were imported into the United States currants to the amount of 1,900 pounds, and also other currants free of duty.

Mr. EASTMAN. If you will allow me, I will state that I have with me a large number of importers who have had experience much more than I have. Mr. Juhring and others are here, representing R. C. Williams. They can go into that question fully. That has to do with the peculiar wording of the tariff at that time. The principal currant of the world grows in Greece. I want to call particular attention to the fact that in 1908, according to the records, 3 per cent of the importation of currants in the United States went to California, and the remainder was used by the other States. And if the same amount was used by the other States as was used by California, there would be four times as many currants used in the United States as there are at the present time. This shows that in the Western States, where raisins are grown as an article of food, currants can not take the place of raisins. I also want to call your attention to the fact that the duty on currants, which we say and contend is an article of necessity and an article of food used by the poor people,

that the present duty is equivalent to an ad valorem duty of 50 to 70 per cent, or 60 per cent of their value. In other words, during the last three years they averaged a valuation of 66 per cent on this food product, as compared with the duty on silks of 76 per cent, linen 46 per cent to 60 per cent, and jewelry 60 per cent. In other words, the currants are taxed on the basis of a luxury. The main thing to which I wish to call attention is the present duty on currants of 2 cents a pound. We are asking that uncleaned currants be put on the free list. Cleaned currants ought to be taxed one-half cent a pound. They are all cleaned in this country. They are brought in in an unclean condition. We have had a large development of factories and machinery for the purposes of cleaning them.

Mr. BONYNGE. What do you mean by cleaning currants?

Mr. EASTMAN. They come in in a dirty condition. They are shipped over in barrels containing 350 pounds. About 10 per cent of that is dirt. They are taken by the importers and washed and cleaned and sold in cartons. The cost of cleaning is about 1 cent a pound. My firm pays from \$10,000 to \$20,000 a year wages in cleaning currants. We have factories with machinery installed. I have the affidavit of a manufacturer of these currant-cleaning machines showing that there are over 300 of them, and the value of these machines is about \$350 each.

During the last year the Greeks have bought these machines and have taken them over and erected them in their factories, and they are now cleaning currants with the cheap labor over there, and by that means are able to reduce that cost and undersell the currant cleaners in this country. What I would ask you to do would be to make up the difference in the price of the cleaned and uncleaned currants.

Mr. RANDELL. What would be the difference in point of health? If they are cleaned in a foreign country, are they more liable to be dirty than if cleaned in this country?

Mr. EASTMAN. With the same methods of cleaning used in both places; no.

Mr. RANDELL. Is there more danger of their being unhealthy by reason of their being cleaned abroad?

Mr. EASTMAN. The currant is so dry that it will not absorb any of that dirt, and will last for quite a long while, probably six months or a year, and would be in as good a condition as it was before.

Mr. RANDELL. Under an ordinary condition would it not be injured by being cleaned over there where the dirt might not be removed as well?

Mr. EASTMAN. It has not enough moisture in it to absorb very much dirt.

Mr. RANDELL. Don't you think that the question of health ought to be considered before the business of the cleaning of currants?

Mr. EASTMAN. Personally I think we are able to clean currants better than they are cleaned in Greece. As an American merchant I have to advocate that.

Mr. RANDELL. Your plan would be to practically force all of the importers to bring in uncleaned currants and have them cleaned in this country?

Mr. EASTMAN. Yes, sir.

Mr. FORDNEY. You want protection against the cleaners. You do not want a tariff?

Mr. EASTMAN. So far as I am personally concerned, I would be glad if the committee could find its way clear to place currants on the free list. We have endeavored to take each article by itself, and will endeavor to give you a method of treating each article by itself.

Mr. NEEDHAM. What is the difference in the labor cost between Greece and California?

Mr. EASTMAN. I am not familiar with the rates of wages in California.

Mr. NEEDHAM. What is it as to raisins?

Mr. EASTMAN. I have nothing whatever to do with raisins.

Mr. NEEDHAM. You are asking a reduction of the tariff?

Mr. EASTMAN. Yes; but I have nothing to do with any of the California raisins.

Mr. NEEDHAM. You do not ask it on raisins?

Mr. EASTMAN. No, sir; I refer simply to currants. I do not touch raisins.

Mr. FORDNEY. Do you say that there are no importations of Zante currants?

Mr. EASTMAN. There are no Zante currants. That is the name of a locality only. There are practically no currants grown in that particular spot, but Zante is a name by which they go.

Mr. BONYNGE. All the currants that come here from Greece are known as "Zante currants?"

Mr. EASTMAN. They are treated by that name for the purposes of a tariff.

Mr. FORDNEY. They do not raise any in California?

Mr. EASTMAN. There are none.

Mr. FORDNEY. He said that they were raising them there.

The CHAIRMAN. Not raisins.

Mr. EASTMAN. The gentleman from California did not say that.

The CHAIRMAN. How much do they lose in weight?

Mr. EASTMAN. I can explain that by saying that if we import 100 barrels of currants, and clean them and put them into cartons and export them, the Government allows us 7 per cent of the weight.

The CHAIRMAN. I do not care anything about that. You are now manufacturing 100 pounds of uncleaned currants, and how much waste is there in that amount?

Mr. EASTMAN. I claim that there are 10 per cent.

The CHAIRMAN. You ought to know if you are a manufacturer.

Mr. EASTMAN. I estimate that there are 10 per cent.

The CHAIRMAN. Is that the average?

Mr. EASTMAN. That is the average result.

The CHAIRMAN. How much labor cost is there in cleaning currants?

Mr. EASTMAN. One cent a pound.

The CHAIRMAN. Are you prepared to present to us a table showing that result?

Mr. EASTMAN. Yes, sir. That result has been obtained from time to time by our firm in transacting business and making our figures as to these matters. I have preferred to present that to you and will do so.

The CHAIRMAN. Mr. Eastman, you were telling me how much it costs to clean these currants. You said it costs 1 cent a pound?

Mr. EASTMAN. Yes, sir.

The CHAIRMAN. It costs that, done by machinery. How many pounds can a machine handle a day?

Mr. EASTMAN. I want to be perfectly fair with you, Mr. Payne—

The CHAIRMAN. Of course you want to be fair; I expect that.

Mr. EASTMAN. And in order to do that, I want to make this statement.

The CHAIRMAN. When you make a general assertion that it costs a cent a pound, it does not go very far. We want the details of it.

Mr. EASTMAN. Yes, sir; I understand. This is only a rough, and I would like to make an affidavit statement later, made up from my pay rolls, if that is more satisfactory to the committee, because any statement I may make now is simply based on what I have been told by my factory men.

The CHAIRMAN. I understand. A cent a pound does not mean anything.

Mr. EASTMAN. No; it does not, and I would much rather make a detailed statement from actual work in the factory; from my pay rolls and my day's work day in and day out.

The CHAIRMAN. That is what I want you to give me.

Mr. EASTMAN. And I would rather not make a general statement, a statement that really would not be of very much value to you. However, I can tell approximately how I make that up, but I can give you a full and detailed statement later on, if you would rather have that.

The CHAIRMAN. Tell us how it is made up approximately, then.

Mr. EASTMAN. In speaking of a cleaned currant, we mean what it costs us after it has been put in the carton. We include the cost of the carton. We include the cost of the cleaning of the currant up to the time it is put into the carton. Roughly, it is a quarter of a cent for the carton, one-quarter of a cent for the wooden case in which the cartons are packed—

The CHAIRMAN. What was the first item?

Mr. EASTMAN. A quarter of a cent for the pasteboard carton—that is, the package. They are packed in a pasteboard box or carton. And then the wooden case, in which 36 of those are put in order to be shipped, is something that we allow one-quarter of a cent for. We allow one-quarter of a cent for the carton and one-quarter of a cent for the wooden case, and then fifty-six one-hundredths of a cent, or a trifle over a half a cent, for the washing, the cleaning, the putting into the cartons, nailing up the cartons, and all that. Cartons cost one-quarter of a cent, as I have said, and that also includes the tissue paper which the currents are wrapped in when they are put into the cartons.

Mr. CRUMPACKER. Do you allow anything for waste?

Mr. EASTMAN. We do not in that estimate of 1 cent a pound. The waste is in addition.

Mr. HILL. Do you wash your currants?

Mr. EASTMAN. Yes.

Mr. HILL. And then do you dry them?

Mr. EASTMAN. No, sir.

Mr. HILL. Then, do you not gain enough in weight to offset your wastage?

Mr. EASTMAN. Practically not. We tried that out time and time again. No, sir; at least, that is, if you do that you will be put out of

the currant business very shortly for giving poor currants. That is, a groceryman does not want a wet currant——

Mr. CRUMPACKER. Do you not dry them?

Mr. EASTMAN. They are dried in passing through the various processes; they dry out in that way, but we do not dry them as they do raisins in California, where they have great big fans to blow over them to dry them. We do not have anything as extensive as that, but when they come out cleaner they go down and are stirred up and are kept moving, and when they get downstairs they are pretty well dried.

Mr. CRUMPACKER. Not as dry as they are when you import them with the dirt and all?

Mr. EASTMAN. No, sir.

Mr. CRUMPACKER. Something is added to their weight by the moisture?

Mr. EASTMAN. Yes; but when we say that there is a 10 per cent waste, I have had tests of over 20 per cent, and the real waste is more than 10 per cent, but we call it 10 per cent, to allow for the extra weight of the moisture.

Mr. HILL. Do you use the same machine that they use for cleaning and stemming in Smyrna?

Mr. EASTMAN. In Greece, you mean.

Mr. HILL. No; in Asia Minor.

Mr. EASTMAN. I do not think there is any such machine used in Asia Minor.

Mr. HILL. I saw them doing it that way when I was over there last year.

Mr. EASTMAN. I can tell you that it is a long cylindrical machine, and the currants go down through it and through a hopper, and there is a stream of water played on them. The principal machine I know of is a machine of American invention, made in Philadelphia, and this man tells me that he has sold a good many of them in eastern countries lately.

The CHAIRMAN. When you make up that statement I want you to be particular and put the labor cost into it, each item of the labor cost, the material and the labor.

Mr. EASTMAN. Yes, sir. Would you like to have a statement from more than one manufacturer? I could get two or three statements from different manufacturers, simply to show the general average.

The CHAIRMAN. Yes.

Mr. EASTMAN. I would be glad to do that.

Mr. NEEDHAM. In your statement and also in your brief you state that of the 38,392,779 pounds imported annually into the United States, the San Francisco custom-house alone shows the receipt of 1,480,437 pounds for the period from August, 1907, to November, 1908.

Mr. EASTMAN. Yes, sir; I think that is correct.

Mr. NEEDHAM. And you followed that by saying that all those were consumed in California. Do you mean to be understood as saying that all goods that come through the custom-house in San Francisco are consumed in California?

Mr. EASTMAN. Oh, no, sir.

Mr. NEEDHAM. Have you any figures to show the actual amount consumed in the State of California?

Mr. EASTMAN. I am trying to get an approximate amount as to that, but those figures are hard to get; that amount is really unascertainable. For instance, we took the imports into San Francisco. I am having compiled and will file the imports into the other western ports. Hills Brothers' Company, of which I am the president, this last year has sent as many as 10 carloads to Los Angeles, Seattle, Tacoma, and other western points. My point is that it does not compete with the raisin. I want to be fair to the California raisin man——

Mr. NEEDHAM. Wherever they use raisins they use currants?

Mr. EASTMAN. No, sir.

Mr. NEEDHAM. When you make a cake, if you put in raisins, do you not put in currants?

Mr. EASTMAN. No. As I have tried to state it in my brief, currants are used in bread and coarse textures; a raisin is put into a light-made cake. The statement has been made to the committee by Mr. Tarpey that this competes with the seedless muscatel.

Mr. NEEDHAM. No; he said the Thompson seedless.

Mr. EASTMAN. Excuse me.

Mr. NEEDHAM. What is the difference between the Thompson seedless and the seedless muscatel?

Mr. EASTMAN. I have given you the two samples up there. The Thompson seedless is considered a better raisin than the seedless muscatel.

Mr. NEEDHAM. It is smaller?

Mr. EASTMAN. No; not according to the stuff I have handled. For example, I have had myself a carload of seedless muscatels this year. I would have been glad to have sold those at any time during the last twelve months at 4 cents to 4 cents and a quarter, while currants are selling at 6 cents for uncleaned and 7 cents for cleaned. The bakers that buy currants will buy those for one thing, and they will buy the raisins for another thing.

Mr. NEEDHAM. My observation is that the average housewife when she buys raisins will buy currants to put in the same article of food that she is making.

Mr. EASTMAN. Yes; they do; but I want to call your attention to the fact that 75 per cent of the currants used in this country are used by the poor people, largely in the mining districts. Pennsylvania, among the mines, uses a tremendous amount of currants. The amount of the currants they have used this year is very noticeable——

Mr. NEEDHAM. In the preparation of what?

Mr. EASTMAN. An ordinary miner for his lunch will have a hunk of black bread filled with currants, and that will be his lunch, and the tremendous nutritious value of the currant is recognized by those men who have been accustomed to that food in Europe before they came over to America. Our business in Pennsylvania fell off 75 per cent this last year because of the lack of—well, we attribute it to the lack of business and also to the tremendous outrush of those foreigners who went back last winter to Europe. That is a marked feature of the currant business, the consumption of currants by that class of people.

In the State of Michigan, among the miners, a large amount of currants is consumed. We sell currants in Detroit, and Detroit dis-

tributes them to the miners in that State. We would not sell raisins there in large quantities.

It is another curious fact that the Pennsylvania people will not buy the California raisin, but will buy the European raisin because they like the European raisin better. But we are not discussing raisins here, and so we will leave that out.

Mr. RANDELL. You say the miner has bread and currants for his lunch. Don't they have meat for their lunch also?

Mr. EASTMAN. I have only been told by the merchants who sell it and the bakers who make up this bread.

Mr. RANDELL. Your information is that all he has for his lunch is this black bread and the currants?

Mr. EASTMAN. Yes; that is my understanding.

The CHAIRMAN. You state that some 38,000,000 pounds are imported. What proportion of those are cleaned and what proportion uncleaned?

Mr. EASTMAN. Because of the tariff law it is impossible to tell, there is no record kept as to the amount of cleaned currants and uncleaned currants at the custom-house.

The CHAIRMAN. What do you know about the number of pounds?

Mr. EASTMAN. I should say 2 or 3 per cent of the importations at the present time are cleaned.

The CHAIRMAN. Of the importations?

Mr. EASTMAN. Of the importations of currants, come in the cleaned form.

The CHAIRMAN. And the rest are uncleaned?

Mr. EASTMAN. And the rest are uncleaned; yes.

Mr. HILL. What is the difference between the cleaned and the uncleaned, the difference in price in Greece?

The CHAIRMAN. One minute, if you please. I want to know how long they have been cleaning the currants in Greece.

Mr. EASTMAN. I should say, to the best of my knowledge, about five years, that long since it has amounted to anything. This whole business—

The CHAIRMAN. About 3 per cent of them come in cleaned now, you think?

Mr. EASTMAN. That is my judgment.

The CHAIRMAN. That is not a very serious argument for a differential duty.

Mr. EASTMAN. The reason I ask for a differential is this, that the Greeks only in the last few years have bought these machines, have gone into the work of cleaning, and with my own company this is the first year that I have felt the sale of the Greek cleaned currants in competition.

Mr. HILL. What is the difference at Athens or Piræus, or the point of purchase, wherever it is, between the price of the cleaned and the uncleaned—not in New York, but over there?

Mr. EASTMAN. I know it in shillings, and I can translate it. [After calculation.] Varying from three-eighths to seven-eighths of a cent.

Mr. HILL. Then that is the difference that you want to be protected against in the differential duty?

Mr. EASTMAN. Yes, sir; and that is why we make it a half a cent.

Mr. HILL. From three-eighths to seven-eighths?

Mr. EASTMAN. Yes, sir; three-eighths to seven-eighths of a cent a pound.

Mr. CRUMPACKER. You would increase the cost of this food product which is popular among the miners of the country?

Mr. EASTMAN. No, sir; that is exactly what I do not want to do. The present duty is 2 cents, and I ask that that duty be abolished and that we have one-half cent only on the cleaned currants.

Mr. CRUMPACKER. You can not clean currants here as cheap as they are cleaned in Greece, can you?

Mr. EASTMAN. No, sir; but we can clean them better, and we are willing to stand that difference. Did I explain that technically? A currant uncleaned is dried. You have seen the sample of it here. To clean it, you have to put water on it and it gets moist. A clean, moist currant will live about six months, commercially. Therefore that comes into the question.

Mr. HILL. As a matter of fact, the average of three-eighths and seven-eighths, the difference in cost over there, is five-eighths, and what you ask is one-eighth less than that, on four-eighths?

Mr. EASTMAN. Yes.

Mr. HILL. As protection to the process here?

Mr. EASTMAN. Yes, sir. There is one other point. By reducing or making the currant free you are going to enable the grocer to sell a pound carton as a 10-cent package, which will make it a popular package, and will increase the use of it among the people and will make up, as we believe, the revenue to the Government.

The CHAIRMAN. What proportion of the output of your factory do you sell to manufacturers of food?

Mr. EASTMAN. Manufactured for cleaning purposes?

The CHAIRMAN. For food purposes, substances for food.

Mr. EASTMAN. It is all used for food. Oh, you mean to manufacturers of food? A very small amount, because most of the manufacturers of food, such as mince-meat manufacturers, import their own currants.

The CHAIRMAN. And wherever they are put in food by manufacturers they are put in in place of raisins, are they not?

Mr. EASTMAN. No. I have had mince-meat men to tell me that in order to make good mince-meat they have got to have not only raisins but currants; they use them both.

Mr. NEEDHAM. That confirms what I said, that both raisins and currants are used in the same article of food.

Mr. EASTMAN. But the mince-meat branch of the industry is the smallest part of it.

The CHAIRMAN. Manufacturers have told me that they do use them in place of raisins.

Mr. HILL. I would like to ask, Does the National Biscuit Company, for instance, import its own currants?

Mr. EASTMAN. Yes; they import very largely themselves. I have talked with representatives of the National Biscuit Company about it—

The CHAIRMAN. What kind of food do they use currants in; do they use currants for sauce, or are they stewed up?

Mr. EASTMAN. No, sir; not so much. They are used mostly in bread and pastry and cakes.

The CHAIRMAN. And are they used in pies?

Mr. EASTMAN. No. They are used in mince-meat, yes, sir; but I do not know the currant pie.

The CHAIRMAN. They put them into the same article of food that raisins are put in, do they?

Mr. EASTMAN. No, sir; they put them into the cheaper articles of food; they put them into bakers' bread.

The CHAIRMAN. They put them into mince-meat, you say?

Mr. EASTMAN. Yes.

The CHAIRMAN. And in bread?

Mr. EASTMAN. Yes, sir; but for one loaf of raisin bread there would be five loaves of currant bread. Expressed as an opinion.

The CHAIRMAN. And instead of currants the raisins might be put into that currant bread?

Mr. EASTMAN. No; because the people demand the currant bread.

The CHAIRMAN. Do they put anything else in breads, anything of that kind except currants and raisins?

Mr. EASTMAN. I am not a baker.

The CHAIRMAN. You don't seem to be.

Mr. EASTMAN. They put in caraway seed and things of that nature.

Mr. HILL. They use figs cut up, do they not?

Mr. EASTMAN. Yes; in cake, but not in bread. You take the fancy cakes and the fancy fig biscuits, and so on, figs will be used there. The National Biscuit Company put up raisin cakes and currant breads and currant crackers. Currants go into the cheaper lines of food.

The CHAIRMAN. This is an old question before this committee. We made currants free under the McKinley bill, because we were made to believe that they were not used as a substitute for raisins and did not compete or interfere with raisins. Then, coming to the Wilson bill, they put a duty on them—for what reason I don't know, because the other side framed that bill—and then, coming to the Dingley bill, it was made quite clear that they were used as a substitute for raisins and we put this duty on.

Mr. CRUMPACKER. I suppose they compete, in a sense, with flour, too. You put them in bread, and if you don't put the currants in you would put more flour in the bread?

Mr. EASTMAN. No; it is a question of adding nutrition to the bread.

Mr. CRUMPACKER. They raise wheat in our district, and I think that currants would probably compete with flour.

Mr. EASTMAN. The question is to give as much nutrition as possible to the poor man, and he finds it in his currant bread; he does not find it in his flour.

Mr. RANDELL. You say they have a big chunk of bread with currants in it and nothing else. Then the currants compete with meat and flour and various other food products.

Mr. EASTMAN. That is true.

Mr. RANDELL. And it gives the laboring man a cheaper and more palatable food, does it not?

Mr. EASTMAN. Yes; one that experiments have shown is a most nutritious food. We have certificates from physicians testifying as to the nutrition in currants. In fact, the value of currants as a nutritious food exceeds the value of almost any other food.

Mr. RANDELL. You do not think it would injure the cattle trade out West, do you?

Mr. EASTMAN. I would not think so for a moment, sir.

Mr. HILL. You take all our revenue, do you not?

Mr. EASTMAN. No, sir; \$800,000.

Mr. HILL. I mean all that there is on currants?

Mr. EASTMAN. Yes; I stated frankly at the outset that this involves about \$4,000,000 duty, and the cheapening of this food to the poor people is worth cutting that down a million or a million and a half.

The CHAIRMAN. The next subject is dates.

Mr. EASTMAN. Section 254 provides for payment, etc., as follows:

Dates, one-half of one cent per pound.

We think that they should be added to the free list.

This section covers green, ripe, and dried dates, and does not include any form of preserved dates, which are probably covered by section 263.

We ask that dates be put on the free list. Dates are consumed largely by the poorer classes. There are approximately \$140,000 of custom-house revenue paid in on dates each year, and we argue that the date, which has become so much more important an article of consumption in this country, especially among the mill hands and operatives, and bought by them for food, although it is rarely seen on the table of the well-to-do or the wealthy classes, has come to be distinctly a poor man's food, and we say you ought to cut that down. That will also increase the business of manufacturing plants of the country which do a considerable business in cleaning and preserving and stuffing dates.

Mr. DALZELL. Where do they come from?

Mr. EASTMAN. They are at the head of the Persian Gulf, on a river there in Persia, practically the only place in the world where dates are grown commercially. My own company has imported directly for the last two years 3 cargoes (shiploads) of dates into this country, approximating about 300,000 boxes, of 70 pounds to the box. One other house has brought in one-half as many dates, or a little over half as many. Those are the two large importers of dates.

Mr. DALZELL. Do they come in green?

Mr. EASTMAN. No; they come in ripe, packed in 70-pound boxes.

Mr. DALZELL. Preserved?

Mr. EASTMAN. No; there is absolutely nothing done to them; they are simply brought in in baskets to the packing places in Persia, then packed in boxes and sent out.

Mr. HILL. In time, do you think, if this tariff were taken off, it would result in a reduction in the price on dates?

Mr. EASTMAN. I should say, without any question, it would result in a reduction.

Mr. HILL. How much?

Mr. EASTMAN. A reduction of one-quarter of a cent a pound.

Mr. HILL. What do they cost to-day in New York? I mean, what is the valuation on which this duty is laid in New York?

Mr. EASTMAN. From 3 to 4 cents, depending upon the grade of the dates. Perhaps $2\frac{1}{2}$ to $3\frac{1}{2}$ cents would be a better estimate.

The CHAIRMAN. They seem to vary, according to the figures I have; they vary from 2.5 to 1.8 cents.

Mr. EASTMAN. That is because the cost of production has increased considerably within the last few years, because of the increased demand, the increased consumption of dates.

The CHAIRMAN. Two cents to $2\frac{1}{2}$ [referring to the record], then 1.8 cents. That was exceptional, was it not?

Mr. EASTMAN. Yes; very exceptional.

Mr. NEEDHAM. The experiments of the Agricultural Department in growing dates have shown that they can grow dates in Arizona very well, have they not?

Mr. EASTMAN. No; not commercially. Our company has done everything it could to assist Mr. Fairchild in getting slips and assisting him to grow dates in Arizona, and we have brought over slips every year. We are perfectly satisfied we could never grow them there commercially. I have a clipping from a Los Angeles newspaper telling about their industry. It says they get 60 cents a pound for dates grown in Arizona to-day.

Mr. NEEDHAM. How long does it take for a date tree to grow?

Mr. EASTMAN. From eight to ten years before they bear, and they are at their best at thirty years.

Mr. NEEDHAM. Really, then, they have not had time to determine officially whether they can grow dates or not?

Mr. EASTMAN. No, sir; this duty is not enough, one way or the other, to affect the production of the commodity.

The CHAIRMAN. Do they use the dates in cooking?

Mr. EASTMAN. Oh, yes; they use dates in cooking and jam and they cut them up in cakes.

Mr. CRUMPACKER. And do they use them in bread?

Mr. EASTMAN. No; I have never known them to be used in bread.

Mr. CRUMPACKER. I was curious to know if they would compete with the Thompson seedless.

Mr. EASTMAN. Well, I suppose a man can subsist on the Thompson seedless.

Mr. NEEDHAM. Is it true that the larger portion is imported preserved; that is, from the dates imported, the larger part of them are preserved?

Mr. EASTMAN. No, sir. Oh, no; I should say the larger part are not preserved.

Mr. HILL. They are preserved and treated here?

Mr. EASTMAN. Yes, sir. They are preserved here. My pay roll in one of my factories runs to about \$500 a week in the busy season, and I employ anywhere from 50 to 150 girls in the work.

Mr. HILL. What is the duty on the preserved dates?

Mr. EASTMAN. No difference. It is all the same. The only paragraph that covers that is that quoted at the top of the page.

Let me say this gentlemen: The articles of currants, dates, and figs, discussed in this brief, have undergone a change in the last ten years because of the demand among the consumers for a package article. The grower formerly sold these fruits in bulk. Now the demand is that they should be sold in packages. Therefore our business has been conformed to this change; instead of handling these fruits in bulk we are handling them in packages. Most of our machinery, labor, and so forth, is now engaged in packing these various articles, cleaning them and putting them up in this way. There has been a change in the entire business in that respect.

The next subtopic that I wish to refer to is citron.

I simply ask that citron be left as it has been, on the free list. The force of the argument above given is recognized by the present provisions of the tariff act in relation to citron. The raw product is now admitted free of duty. The preserved or treated product is taxed 4 cents a pound. This difference now equalizes the cost of production of the treated or finished product as between the foreign and the American manufacturer, and we ask that these provisions be left unchanged.

Mr. NEEDHAM. There is a duty against the preserved or candied citron of 4 cents a pound?

Mr. EASTMAN. Yes; but citron in brine is free, and we ask that that be not changed.

Mr. NEEDHAM. You are willing that the 4 cents a pound should remain on the candied citron if you are able to import the raw citron in brine free of duty?

Mr. EASTMAN. Yes, sir. My company brings into this country 75 per cent of the raw citron, and there are about 2,000 tons used in this country. We bring in from 1,000 to 1,200 tons. We have a large factory for preserving the candied citron.

Mr. DALZELL. Where does the citron come from?

Mr. EASTMAN. From Greece, from the southern part of Italy, and the island of Corsica, which is the "Mediterranean citron," as it is termed. Those are the principal places that it comes from.

Mr. HILL. You say the revenue on dates is \$145,000. With those dates on the free list and with the duty continued—the duty of one-half a cent a pound—on the preserved dates, would not the retail price of dates be about the same, and is it not true that the consumer would not get any benefit, and so the practical result would simply be that the Treasury would lose \$145,000 revenue?

Mr. EASTMAN. No; I do not think so.

Mr. HILL. There would be no difference in the price to the consumer, would there?

Mr. EASTMAN. There is strong competition in dates. Their price is kept down by the competition. The price of dates is governed largely by the London market.

Mr. HILL. Let us see if I understand you. I go into a store and find a great big mat of dates. Is that the raw date?

Mr. EASTMAN. We don't call it a mat. The dates come in a box, and you will see the end of the box knocked down and then the man will take a pick and knock those dates out.

Mr. HILL. I think I have seen them in mats.

Mr. EASTMAN. Probably not recently. As a boy, that is the way they used to come. That was some ten or fifteen years ago, at least.

The CHAIRMAN. That is the only way that I ever came in contact with them as a boy.

Mr. EASTMAN. I think I can argue justly that this is a food that is used by the poorer classes of people. They go to the corner store and ask for dates, and the dealer will knock them down out of a basket.

Mr. GAINES. What do they retail for?

Mr. EASTMAN. Seven cents, 8 cents, 9 cents, 10 cents a pound. We send thousands of boxes to Boston, which are distributed and sold in mill towns in that section.

Mr. GAINES. The duty is half a cent a pound?

Mr. EASTMAN. Yes, sir.

Mr. GAINES. And you want it put on the free list?

The CHAIRMAN. Do you think the retail price would remain the same, even if it were put on the free list?

Mr. EASTMAN. I do not think so. The tendency of all business now is to cut prices way down.

Mr. DALZELL. It would not be cut down from 10 cents to 9½ cents?

Mr. EASTMAN. But it would be likely to be sold 2 pounds for 15 cents, whereas before it was sold for 8 cents a pound; that is likely what would occur.

The CHAIRMAN. Is this the message of President McKinley that you spoke of? [Reading:]

DECEMBER 5, 1898.

To the Senate and House of Representatives:

The Government of Greece strongly urges the onerousness of the duty here imposed upon the currants of that country, amounting to 100 per cent or more of their market value. This fruit is stated to be exclusively a Greek product, not coming into competition with any domestic product. The question of reciprocal relations with Greece, including the restoration of currants to the free list, is under consideration.

WILLIAM MCKINLEY.

Is that the recommendation you speak of? It does not seem to be very strong.

Mr. EASTMAN. It is only fair to say that that is the message of the President.

Mr. GAINES. It is hardly a recommendation. It is simply a statement that the matter was under consideration.

The CHAIRMAN. I suggest that you go on with citron now.

Mr. RANDELL. I would like to ask a question or two before that.

You say dates are used very largely as a cheap food. You have a market for them in what section, principally?

Mr. EASTMAN. As I stated, they would go into New England, into the mill towns. They would go into Chicago. Large quantities of them are sold on the east side in New York, among the poorer classes there. Pittsburg is a market for dates.

Mr. RANDELL. You have a large demand there on account of its being a cheap food, they being mill towns, and you say the mill counties take them in the same way?

Mr. EASTMAN. They are mill towns.

Mr. RANDELL. And over the country generally?

Mr. EASTMAN. Yes, sir; where you find large blocks of people employed in mills, mines, and so forth; that is the place where we are able to sell currants and dates.

Mr. RANDELL. They demand a cheap food?

Mr. EASTMAN. Yes, sir.

Mr. RANDELL. You think this would be in the interest of the poorer people?

Mr. EASTMAN. Most decidedly.

Mr. RANDELL. People who have to live on cheap food, in the mill towns in the East and North?

Mr. EASTMAN. Most decidedly.

The CHAIRMAN. The next is citron.

Mr. EASTMAN. I have finished with citron, unless there are some questions you want to ask me.

The CHAIRMAN. The next is article 4, which is in regard to filberts, shelled almonds, Brazil nuts, and walnuts.

Mr. EASTMAN. The next subheading is article 4, filberts, shelled almonds, Brazil nuts, and walnuts.

The present law imposes the following duty:

270. Filberts and walnuts of all kinds, not shelled, three cents a pound; shelled, five cents a pound.

Upon almonds, shelled, there is a duty of 6 cents a pound; not shelled, 4 cents a pound. Brazil nuts are free of duty.

We ask that filberts, not shelled, should, like Brazil nuts, be on the free list. The filbert has never been grown in this country. It does not take the place of any nut that is grown in this country, and is a nut peculiar to itself, and we can see no reason for having a duty on this nut.

I have a box here with some of the nuts. [Exhibiting nuts to committee.]

There is no more reason for the filbert having a duty on it than there is for the Brazil nut, which is brought from the Brazil section and is on the free list.

I notice in the California Fruit Grower, their annual section for 1907, going over the various nuts that are used there, they say they have not yet been able to grow the filbert successfully in California, and I have never understood that they claimed they could or asked for a duty on filberts. I do not think that we are competing with any nut in this country when we ask to have the filbert on the free list.

Mr. NEEDHAM. How much duty is collected on these nuts?

Mr. EASTMAN. You mean per annum?

Mr. NEEDHAM. Yes.

Mr. EASTMAN. I can not find official figures in regard to filberts, but from the records I can find about \$200,000 to \$250,000.

Mr. NEEDHAM. Would not that nut come in direct competition with the walnut?

Mr. EASTMAN. No; the filbert does not come in competition with any nut.

Mr. NEEDHAM. Last year the duty collected on filberts, not shelled, was \$298,808.40.

Mr. EASTMAN. I looked for a record of that and could not find it.

Mr. NEEDHAM. And on filberts, shelled, the duty collected was \$77,666.

Mr. EASTMAN. That is a very small business. The filbert is used largely by the Jews. They use it on the Jewish holidays; they use it in connection with some of their customs, I understand.

Mr. RANDELL. Is it not often used in places where peanuts would be used, if they could get peanuts?

Mr. EASTMAN. No; I do not think so. It is true that a filbert does not compete with a walnut, a walnut does not compete with an almond, and an almond does not compete with a pecan; each nut has its own demand.

Mr. RANDELL. According to the idea in regard to grapes or raisins, if they did not have the filbert they would have to eat the peanut, would they not?

Mr. EASTMAN. I doubt it very much, sir.

Mr. RANDELL. It does not compete in the East as yet?

Mr. EASTMAN. No; not at all.

Mr. RANDELL. And you want it put on the free list?

Mr. EASTMAN. Yes, sir.

Mr. RANDELL. I do not remember about it; what is the tariff on filberts?

Mr. EASTMAN. The tariff on filberts is 3 cents a pound.

Mr. CRUMPACKER. We used to call them hazel nuts, I think, in our country.

Mr. RANDELL. They were a different nut from that [indicating].

Mr. EASTMAN. I have two samples here which I would be glad for you to see.

The CHAIRMAN. On filberts not shelled the present rate is 3 cents per pound, and on filberts shelled the duty is 5 cents a pound.

Mr. HILL. This is the unshelled, and the shelled is simply the meat?

Mr. EASTMAN. Yes, sir; the shelled is simply the meat of the nut. This is what we as boys knew as the hazel nut, but that has not become commercially valuable in this country.

The CHAIRMAN. I suppose those are consumed by the poor?

Mr. EASTMAN. I have stated that those are used largely by Jewish people. Personally, I use them a great deal in my own house.

Turning now to the question of almonds, being the second question I have stated in my brief, the California market never has and can not come anywhere near supplying the demand for almonds; the domestic product has not been more than a small part of the consumption. The figures given by men who have appeared before your committee, men from California, I am quite content to use, because I think they are quite accurate, showing the importations last year of about 14,000,000 pounds of almonds. California produced a million and a half pounds.

Mr. CRUMPACKER. Let me give you the importations exactly [reading]:

In 1907 almonds, not shelled, 5,714,207 pounds; almonds, shelled, 8,717,952 pounds.

Mr. EASTMAN. That is shelled. I am talking about the unshelled.

Mr. CRUMPACKER. Unshelled, 5,714,000.

Mr. EASTMAN. I took my figures from the affidavits of the gentlemen from California.

Mr. CRUMPACKER. This book we have here contains the official figures.

Mr. EASTMAN. I am subject to correction, then.

I would like to call the attention of the committee to what the California Fruit Grower says about the amounts. The California Fruit Grower, in the issue of December 11, 1907, says:

Almond growers in many parts of the State are very much discouraged over the outlook. Several years ago the output of this State amounted to about 3,000 tons, with every indication that it would largely increase in succeeding years. For the past two or three years, however, it has been falling off to an alarming extent, and to such an extent has this shortage developed that many orchardists are either grafting their trees to fruit or taking them out altogether.

In other words, California has endeavored to raise an almond to take the place of the imported almond, but has not been successful in that. It does raise an almond, which does not compete, however.

Mr. NEEDHAM. The reason they are discouraged is because the tariff is so low.

Mr. EASTMAN. My brother-in-law, who is on a ranch in California, says that he can not raise almonds successfully there to compete with foreign grades.

Mr. NEEDHAM. I have lived there for a good many years, and I think that the almonds they raise there are some of the best almonds that are raised anywhere.

Mr. FORDNEY. How do you account for the falling off?

Mr. NEEDHAM. You do not state about the quality.

Mr. EASTMAN. Yes; I have stated that the quality they have been able to raise is of the highest.

The CHAIRMAN. Would you say that almonds were used by the poorer classes of people?

Mr. EASTMAN. No; they are more expensive, and therefore used by a richer class of people. There is quite a trade in almonds for salted almonds.

Mr. HILL. Are the almonds controlled by the combination or trust that you referred to in reference to the English walnut?

Mr. EASTMAN. No, no; not openly so.

The CHAIRMAN. Unless this shall be adopted as a food for the poorer people, it might be well to consider keeping the duty on as a revenue measure. Do you not think so?

Mr. EASTMAN. That, of course, is a fair question. I am not asking to have almonds put on the free list, but simply for a reduction. I have said that they should be reduced from 4 to 2 cents and shelled almonds from 6 to 4 cents.

Mr. NEEDHAM. What revenue do these almonds bring to the Government?

Mr. EASTMAN. I have estimated the revenue roughly at about \$560,000 for the unshelled almonds and shelled and unshelled together about \$800,000. The revenue on the unshelled last year was about \$560,000, as I figured it.

Mr. LONGWORTH. No; the revenue from the shelled almonds was much larger; it was \$523,000, while the revenue derived from the not shelled was \$228,000.

The CHAIRMAN. Now, the next is walnuts.

Mr. EASTMAN. On the question of walnuts I want to say two things. The California walnut does not affect in any way the quantity of walnuts imported into this country from other points. The price of the California walnut, the average price, is over 3 cents a pound more than the price of the imported walnut. To-day in New York City you buy the California walnuts at 14½ cents, although the trust is going to reduce the price to 10 cents on January 1. At least that is what is reported.

The imported walnuts of good grades run from 9½ cents to 10½ cents.

My contention is that the duty of 3 cents a pound on walnuts is excessive, so far as protecting California is concerned.

I would like to call the attention of the committee to the fact that the California representatives in their statements before the committee have said that they are not interested in the shelled walnuts, and there can be no reason, so far as they are concerned, for keeping the duty on the shelled walnut at this present high price.

Mr. HILL. A hundred pounds of walnuts will give how many pounds of shelled walnuts, on an average; a hundred pounds in the shell will net how much unshelled?

Mr. EASTMAN. About 30 pounds of shelled.

Mr. HILL. About 30 pounds. Then is the duty evenly balanced, with 3 cents a pound duty on the shelled walnut and 5 cents a pound duty on the unshelled walnut? The importations last year were 23,000,000 pounds of unshelled and 7,000,000 pounds of shelled walnuts. If you make about an equal quantity of the two one would be about equal to the other?

Mr. EASTMAN. Yes, sir.

Mr. HILL. What is the difference in the price between the shelled and unshelled walnuts?

Mr. EASTMAN. The shelled walnut is worth from 22 to 28 cents a pound.

Mr. HILL. And what is the unshelled walnut worth?

Mr. EASTMAN. From 8 to 12 cents.

Mr. HILL. About one-third, then?

Mr. EASTMAN. Yes; 8 to 11 cents, I should say.

Mr. HILL. Should not the duty be larger on the shelled walnuts or else lower on the unshelled; is it balanced correctly at the present time, in your judgment?

Mr. EASTMAN. It is not balanced, in my judgment; no, sir.

Mr. HILL. What would your suggestion be; would your idea be to raise the duty on the shelled walnuts or lower the duty on the unshelled walnuts?

Mr. EASTMAN. If you will notice, I have asked here to reduce the duty on the shelled from 5 to 4 cents—yes; I have made the proportion the same. It might remain 5 cents and 4 to 2 cents; I had not considered that suggestion, that idea.

The CHAIRMAN. The importations are constantly increasing as it is now, are they not?

Mr. EASTMAN. Yes, sir; and if the duty was less the importations would increase tremendously. This is an article that I can honestly argue to you that, I believe, by a reduction of the duty you will increase your importations tremendously.

Nuts have become one of the staple articles of food; everybody is using nuts as a food product where ten or twelve years ago they did not, and we might as well recognize that fact.

The CHAIRMAN. Let us go to the subject of figs.

Mr. EASTMAN. The last subject is the subject of figs. This brings up the California question once more. I want to say frankly that so far as that section of the country is concerned they have shown that they can produce certain articles of food with great success, such as prunes and apricots and peaches. They have not only driven out foreign importations in those articles, but they are exporting those fruits. But, on the other hand, there are certain articles which we are satisfied they are not able to grow successfully.

I sent out and asked two brokers to send me samples of Smyrna figs and California figs. I asked one to send me a sample of Smyrna figs and the other a sample of California figs. They took it for granted that I was going to buy them and they sent me the samples. I have them here. They show for themselves as to whether Cali-

fornia can raise a fig which has anything of the flavor or the appearance of the Smyrna fig.

Mr. NEEDHAM. Are these Redding figs?

Mr. EASTMAN. No.

Mr. NEEDHAM. Why do you not get the best quality of California figs?

Mr. EASTMAN. Because you can not get them.

Mr. NEEDHAM. You are trying to give us an illustration as to what is done in California. Why do you not get the best quality of figs that California produces?

Mr. EASTMAN. They are the kind of fig that is used there, that we use for packing and preserving purposes.

The CHAIRMAN. Do they not raise a Smyrna fig in California?

Mr. EASTMAN. No; they can not raise it there.

The CHAIRMAN. One of the witnesses from California testified that they can do it. He testified that Smyrna figs of the finest quality are raised in California.

Mr. EASTMAN. Yes. I know you have statements before the committee to that effect.

The CHAIRMAN. That is a statement that has been made with a great deal of care, made by authorities on the subject.

Mr. EASTMAN. I will state this simply from a business man's point of view. I am looking for anything in my line of business that I can make money out of, and I have bought California figs with the hope of making money on them, and I can not find any market for the California fig in this country, except for the cheapest kind of use.

The CHAIRMAN. Do you mean to say that this is a fair specimen of the California fig [referring to specimen exhibited to the committee by Mr. Eastman]?

Mr. EASTMAN. Yes; those grades are corresponding grades, sir.

Mr. NEEDHAM. I would like the statement to go into the record that I am familiar with figs grown in California, and I do not think this is a fair sample.

Mr. EASTMAN. I am not bringing California's layer figs here.

The CHAIRMAN. I have seen California figs which you could not tell from Smyrna figs.

Mr. EASTMAN. You have seen the layer California figs, the figs which come in layers. The layer California fig, when compared with the Smyrna layer fig, you will find is as much inferior to the Smyrna layer fig as this California fig is inferior to this Smyrna fig; there is just as much difference between those two. When I was in New York yesterday I could not get anywhere a sample of the California layer fig.

The CHAIRMAN. What is this fig [indicating]?

Mr. EASTMAN. That is a Smyrna fig, the same grade as the California fig you have there. I simply call your attention also to the fact that California for over twenty-five years has been trying to grow this fig. In 1881 a friend of mine in Smyrna sent to the Government, at the request of the Government, slips of those figs, and they experimented with them in California. You ask the average grower in Smyrna whether they will ever be successful and he will tell you no. You ask him why and his answer is this: That the locality in Smyrna in which these figs are grown inland is of a very lim-

ited area; in fact, if you take a fig and transplant it 10 miles away in Asia Minor, 10 miles away from the fig-growing section, it will not produce the type of Smyrna fig that we buy.

Mr. NEEDHAM. Is not the difference largely in the manner in which they are packed and treated?

Mr. EASTMAN. They are both packed in 50-pound boxes. I do not understand that either one of those figs is treated.

Mr. NEEDHAM. Well, they are dried; they go through the drying process?

Mr. EASTMAN. Yes. There is no artificial treatment of them. They are simply picked and dried and then put in 50-pound boxes.

Mr. NEEDHAM. There is more sugar on this fig, is there not [indicating]?

Mr. EASTMAN. You will see that those figs from Smyrna have a floury appearance. They can not grow those in California. That was what Mr. Redding talked about when he talked about caprification. About four years ago Mr. Redding sent on some of the Smyrna figs, and we put them with some of our California figs, and then we submitted them to experts to see if they could pick them out, and they could pick out every single one of those California figs.

Mr. HILL. There is nothing but salt water and sun on them, is there?

Mr. EASTMAN. That is all; that is the natural fig [indicating].

Mr. LONGWORTH. Have you figured out what the total loss of revenue would be if all your recommendations were adopted?

Mr. EASTMAN. Between \$2,000,000 and \$2,500,000.

Mr. HILL. Is that net? You say the reduction in the duty on walnuts would largely increase the revenue, in your opinion.

Mr. EASTMAN. I did not take into account at all the possible increase in revenue by a reduction in duty.

Mr. HILL. You did not take that into account?

Mr. EASTMAN. No; I am simply taking it on the idea that the importation would remain the same. It is simply an estimate I arrived at by figuring it as well as I could.

Mr. NEEDHAM. If you take off the duty on figs, those figs will not sell any cheaper to the consumer, will they?

Mr. EASTMAN. I should say that they would, without any question at all.

Mr. NEEDHAM. What are they retailing for now? I mean what are these packages retailing for, these packages that you have exhibited to the committee?

Mr. EASTMAN. You mean loose? Do you mean a fancy package like that?

Mr. GAINES. What do these packages retail for?

Mr. EASTMAN. Neither one of those are retailed. I mean they are not retailed to any great extent. We use those in preparing the figs for market. I pay 3 cents or $3\frac{1}{2}$ cents for that California fig and $4\frac{1}{2}$ cents for the Smyrna fig.

Mr. NEEDHAM. Take that package [indicating].

Mr. EASTMAN. This package is a Smyrna fig prepared at the factory—

Mr. NEEDHAM. What is the retail price?

Mr. EASTMAN. It depends on the package—

Mr. NEEDHAM. What does the package sell for?

Mr. EASTMAN. I say 15 to 20 cents, 25 cents, depending on the package. (After referring to Mr. Zuhring.)

Mr. HILL. Is there any duty on these packages?

Mr. EASTMAN. No; no duty on the package; no, sir. That business is done here entirely. There is a duty on the baskets.

Mr. HILL. But is it imported in this style at all?

Mr. EASTMAN. No; that comes from my own factory.

Mr. HILL. But is it imported at all?

Mr. EASTMAN. No; I don't think so.

The CHAIRMAN. If that is imported, there is a duty on it, is there not?

Mr. EASTMAN. Yes.

Mr. NEEDHAM. You say you make that up in your factory? What do you retail that for? You ought to know.

Mr. EASTMAN. I would sell that to the grocer for about 16 cents and he would retail it for from 20 to 25 cents.

Mr. NEEDHAM. Do you think if you took the duty off that that would result in its retailing for any less price?

Mr. EASTMAN. It would make it about 2 cents a pound less.

There is another illustration, gentlemen, of the changes in the demands of the consumers. The consumer wants his figs put up in dainty packages, and our business has increased largely in the way of making that kind of an individual package.

Mr. GAINES. Is that demand on the part of the consumer one of the reasons for the high prices of these articles to the consumer? In other words, if the consumer, instead of complaining about the 2-cent duty, would complain of the 66 $\frac{2}{3}$ profit to the retailer, would he not probably get more relief than would be given him by the 2-cent reduction?

Mr. EASTMAN. I do not think so.

Mr. GAINES. I am simply asking for information. I would like to know, if it is possible to find out, the relation between the tariff such as that 2 cents on a 25-cent package, whether that reduction of 2 cents would go to the consumer or whether it would be swallowed up just as the 12 cents is now swallowed up by the wholesaler.

Mr. EASTMAN. There is no question that the retailers could and would sell these goods at lower prices with a reduction of that duty.

It is all very nice to talk about profits here. In answer to your direct question, I will say that I think the laboring men and the men of very small incomes or of a daily wage would be benefited by these changes which we ask for here.

The man who wants to buy a fancy package does not care how much he pays for the fancy package. We could not sell these fancy packages to laboring men, anyway. They will not buy them; they go to the corner fruit stand and have a block of figs cut out of a box. He then takes them home. He pays 8 or 10 cents for that fruit, and it would probably be down to 7 cents.

Mr. GAINES. As to the reduction of 2 cents, I simply do not see it, and it has never been sufficiently analyzed, so far as I see it, to be anything more than an assertion on one side.

Mr. EASTMAN. The Smyrna fig costs me 4 $\frac{1}{4}$ cents, duty paid. If I could buy that for 2 $\frac{1}{4}$, do you mean to say there would not be a benefit

to the consumer? It could not but help be that there would be a benefit.

Mr. FORDNEY. Your object in having the duty reduced, then, is that you might sell it lower and get more trade?

Mr. EASTMAN. Yes; but I would not expect to get any larger percentage of profit on my sales then than I do now.

Mr. GAINES. These figs cost you $4\frac{1}{2}$ cents?

Mr. EASTMAN. Yes; that fig [indicating] in its original condition costs me $4\frac{1}{2}$ cents.

Mr. GAINES. And they sell at retail at 25 cents?

Mr. EASTMAN. Depending on the package.

Mr. GAINES. But this particular package, it has been stated, would sell for 25 cents at retail. If that is not correct, correct it.

Mr. EASTMAN. That is correct. That is, the basket and everything.

**BRIEF SUBMITTED BY LUCIUS R. EASTMAN, JR., IN BEHALF OF
THE NEW YORK DRIED FRUIT ASSOCIATION.**

BEACH AND WASHINGTON STREETS,
New York, December 17, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means, Washington, D. C.:

We, the undersigned, importers and dealers in currants, dates, citron, figs, filberts, and other nuts, beg to respectfully submit to your honorable committee certain changes in the present tariff law relating to the above products, which, based upon our experience, would seem to be advantageous, both to the consumer of these necessities and to the trade.

We wish to point out to your honorable committee that all of the articles to which your attention is directed in the following brief are articles of food of general consumption, used universally throughout the country, but most largely by the poorer classes of our people. Many of the articles mentioned in no way compete with any domestic product, as they can not be successfully raised within the confines of the United States. In the instances in which a similar American product is raised, either the American variety has so firmly established itself in the market that it could not be affected by importations of the raw form of the product or the foreign variety has some peculiarity of its own, so that such a long-established demand has been created for it that no American substitute will be accepted.

In cases where differentials have been asked, such differentials have been requested only on manufactured products and in such instances only such increase as is necessary to equalize the conditions caused by the difference in the cost of American as contrasted with foreign labor, and such as would establish a basis of fair competition between the American manufacturer and the foreign competitor.

The duties, the removal or reduction of which is asked, can not be justified on the ground of revenue alone, because the total revenue from all the articles mentioned in this brief is comparatively insignificant.

I. CURRANTS.

The present law provides that there shall be levied, collected, and paid, etc. Section 264: "Raisins and other dried grapes, two and one-half cents per pound; * * * currants, Zante or other, two cents per pound."

We submit that the law should read: "Currants, Zante or other, provided cleaned, one-half cent per pound; currants, Zante or other, uncleaned, free."

Currants, to the uninformed, may be confused with dried grapes or seedless raisins, but the different classification is one long established and universally recognized. The currant has never been classified as a raisin or dried grape, although argument has been made before this committee by M. F. Tarpey, of Fresno, Cal., in favor of raising the tariff on currants with the evident purpose of misleading your committee into the belief that "all so-called currants" in the coming tariff schedule should be required to be labeled and marketed "as what they really are, viz, seedless raisins." This attempt by change of nomenclature to impose a duty on an article for which no valid reason would support a direct levy has been before previous Congresses and before the courts of California and of the United States. It has been decided by the United States circuit court of appeals, in construction of the tariff act of 1894, that "commercially"—by which classification the law was interpreted—"they (currants) are not known or classified as such (raisins or dried grapes)." In the case of *The Hills Brothers v. United States* (U. S. circuit court of appeals, 99 Fed. Rep., 264) an action was brought to determine whether the term "raisins and other dried grapes," as used in tariff act of 1894, included the term "currants."

After quoting the California court, holding that the currant of commerce belonged to the grapevine family and when on the vine was a small-sized grape, and so, when dried, must be a dried grape or raisin, the court says:

The conclusions of the California court that these dried fruits "are a kind of raisin" and "are grapes dried" are abundantly supported by the record. Scientifically and botanically they are "raisins or other grapes," but popularly and commercially they are not known or classified as such. The testimony of qualified experts—not the botanists, but the trade experts * * *—is overwhelmingly to the effect that in trade and commerce in this country, at and prior to 1894 (and, indeed, at all times), these dried currants never have been known or classed as raisins or as dried grapes, which are different and well-known articles of commerce. Now, it is manifest that Congress fully understood this situation, and legislated upon that understanding, that these so-called "currants" would not become dutiable as a part of the family of raisins or dried grapes unless they were specifically referred to, and therefore Congress used the phrase "raisins and other dried grapes, including Zante currants." If the contention of the Government was sound, the words "including Zante currants" would be entirely superfluous. But we must assume that Congress was satisfied to the contrary, and certainly the testimony now before the court shows quite clearly that the congressional understanding as to trade classification and nomenclature was correct.

It appears, moreover, that Congress has known for a long time that there were to be expected among the importations, which its successive tariff acts would cover, not only "Zante currants" but also "other currants." Thus, the Revised Statutes imposed a duty of 1 cent a pound on "currants, Zante or other" (Schedule M); and the act of 1883 imposed a like duty, by paragraph 293, on "currants, Zante or other." The act of 1890 put all currants on the free

list by the use of the same phrase in paragraph 578, "currants, Zante or other;" and the same words are found when all currants are, in the act of 1897, again made dutiable, the paragraph reading:

"Par. 264. Figs, plums, prunes, and prunelles, two cents per pound; raisins and other dried grapes, two and one-half cents per pound; dates, one-half of one cent per pound; currants, Zante or other, two cents per pound."

Incidentally, it may be noted that this paragraph accentuates the fact that Congress distinguishes between dried grapes and these so-called "currants" from the Levant, for it imposes different rates of duty upon them.

Surely, this committee does not now wish to depart from a classification, fixed and determined by commercial usage at "all times" and recognized by Congress in successive enactments for the past twenty years, and approved and affirmed by the next highest court of the United States. If it is deemed necessary to change the schedule, we feel sure that your committee will change it directly under its recognized classification, and will not resort to the subterfuge of indirect change from long-accepted and settled classification.

There is no reason, in fact, for any increase of duty, or for any duty whatever, except on the finished or cleaned product. There is no direct competition between currants, Zante and others, and California fruits most similar thereto—the dried grape or seedless raisin—for the reason that the commercial imported currant grows nowhere else in the world than in certain parts of the Grecian Archipelago.

The decision cited above recites the fact that fruits of the peculiar variety known as currants reach perfection only in the islands of the Grecian Archipelago, or on the neighboring mainlands of Greece and Asia Minor. The difference between the California fruit and the Greek currant is clearly recognized by the trade and by the consumer; the two being used for different purposes. California, or any part of our own country, has been unable to successfully raise this fruit, the soil of a small portion of Greece being the only place where they can be successfully raised. Currants are used almost entirely in cooking, largely in bread, pastry, etc., the California seedless raisin not being adapted, on account of its larger size, etc., for this purpose, and when used is only used in higher products, such as cakes, etc. The currant is consumed and used almost entirely by the poorer classes of our people. They are sold in mining districts, railroad centers, etc.; in fact, wherever large forces of laborers are gathered. These classes demand them, having become in many instances familiar with them in foreign countries before their migration here, and they will not accept the California dried grape as a substitute. Any increase of duty would bear directly upon them.

In no place more than in California, where, if anywhere, the domestic seedless raisin would be expected to be used as a substitute, is the distinction between the two varieties of fruit made manifest and the impossibility of forcing the seedless raisin upon the public in place of the imported currant demonstrated. Of the 38,392,779 pounds imported annually into the United States the San Francisco custom-house alone shows the receipt of 1,480,437 pounds for the period from August, 1907, to November, 1908. If the country at large consumed currants in the same ratio as they are consumed in California, the importations would be at least four times what they are now. The fact of a distinct and exclusive demand for the currant as such is thus conclusively shown.

The present duty of 2 cents per pound is equivalent to an ad valorem duty of from 50 to 90 per cent. The present duty upon this article of food constitutes 64 per cent of its cost as compared, for instance, with the present tax upon such luxuries as silks of 76 per cent of cost, linen 45 per cent to 60 per cent of cost, jewelry 60 per cent. Such a duty upon an article which can not be raised in this country and so does not directly compete with any American producer, which is used as a necessary almost exclusively by the poorer classes of our people, which does not produce any appreciable revenue, is clearly excessive, and we submit should be removed. We ask that uncleaned currants be placed upon the free list. The justice of this request was recognized by the late President McKinley, who recommended the placing of currants on the free list in his second annual message to Congress on December 5, 1898. (See excerpt attached hereto and made part hereof, marked "Exhibit A".)

We ask, however, that a duty of at least one-half cent per pound should be placed upon the cleaned dried currants. The present law makes no distinction between the cleaned and uncleaned fruit. This classification of "cleaned and uncleaned" currants receives general recognition commercially and has also been recognized by the United States Government in its interpretation of tariff acts. The dried uncleaned fruit comes in barrels weighing about 330 pounds each, each currant having part of the stem still attached and being mixed with a great deal of dirt and sand. Practically no business whatever is done in selling the uncleaned fruit as it arrives. All large importers have developed a process of cleaning the uncleaned fruits, repacking them in smaller packages, and thus distributing them. All the business in currants is now transacted in this manner. For this cleaning process, which supplies our people with an article which can not be domestically produced, the importers and manufacturers have invested large sums in plants, machinery, etc. In the cleaning process American labor is employed at good wages. For instance, one of the subscribers hereto imports from 15,000 to 20,000 barrels of uncleaned currants per year, the cost of which is about 6 cents per pound, duty paid. During the year, in process of cleaning and repacking in cartons at its factory in New York, it pays out from \$15,000 to \$20,000 per year in wages, employing as high as 100 persons at a time for such work. It is necessary to figure on an outlay of at least 1 cent per pound for cleaning.

Within the last few years the Grecian growers have, with their cheap labor, been cleaning and packing in cartons the currants and shipping them in this form to the American market. They thus pay less duty upon more currants than the American importer (because of dirt in uncleaned article on which duty is paid), and by reason of difference in price of labor the foreigner undersells the American manufacturer. The cost of production between the two is further enhanced by difference in cost of cartons and cases made in American factories from American lumber in which American-cleaned currants are packed and those manufactured in Greece by Grecian labor in which Grecian currants are packed.

This cleaning business was conceived by the American manufacturer, and was until a few years ago a distinctive American industry. The machines used in the process are American inventions, manufac-

tured by American labor and sold by American dealers. Over 300 of them are now in use in the United States. Recently, however, the Grecian manufacturer has purchased these machines, which he operates with labor costing 25 cents a day, as contrasted with American labor at \$2 per day. (See affidavit of Edward B. McKay, attached hereto and made part hereof, marked "Exhibit B.")

It is impossible for the American importer and manufacturer to compete under these conditions with the Greeks. The investment in plants already made will be lost and the opportunities for American labor will be curtailed and the small profit heretofore made by the American manufacturer and importer will be destroyed unless the situation is remedied by the imposition of a higher duty upon the "cleaned" as distinguished from the "uncleaned" currant.

The placing of "dried" uncleaned currants upon the free list will, on the other hand, while not competing with any American product or producer, increase the business of cleaning and repacking, with its consequent enlarged opportunities to labor, protection to investments already made, and result in lower price for the finished product to the consumer. The latter would naturally follow the removal of the tariff.

We accordingly ask that the duty on "uncleaned dried currants, Zante and other," be removed and that a duty of one-half cent per pound be imposed upon "cleaned dried currants, Zante and other."

II. DATES.

Section 264 provides for payment, etc., as follows: "Dates, one-half of one cent per pound."

They should be added to the free list. This section covers green, ripe, and dried dates, and does not include any form of preserved dates, which are properly covered by section 263.

Dates do not come into competition with any domestic fruit at all. They have not been successfully grown commercially in this country, although the United States Government has conducted experiments to this end in the deserts of Colorado and Arizona. All of the demand is filled by the imported article. They are not a luxury, but a necessary, and used as such very largely by the poorer classes of the country. No good argument can be advanced for the further retention of any duty upon such an article of food.

On the contrary, the remission of the duty on the raw fruit would stimulate the business of the American manufacturer in preserving, stuffing, and otherwise treating the fruit, in which large sums are now invested, thus giving further opportunity of employment to American labor and undoubtedly reduce the price to the consumer. We therefore ask that the present duty on the raw product be removed.

III. CITRON.

The force of the argument above given is recognized by the present provisions of the tariff act in relation to citron. The raw product is now admitted free of duty; the preserved or treated product is taxed 4 cents per pound. This difference fairly equalizes the cost of production of the finished or treated product, as between the foreign and the American manufacturer, and we ask that these provisions be left unchanged.

IV. FILBERTS, SHELLED ALMONDS, BRAZIL NUTS, AND WALNUTS. .

The present law imposes the following duty:

270. Filberts and walnuts of all kinds, not shelled, three cents per pound; shelled, five cents per pound.

Upon almonds, shelled, 6 cents per pound; not shelled, 4 cents per pound. Brazil nuts are admitted free of duty.

Filberts, not shelled, should, like Brazil nuts, be placed upon the free list. The duty on almonds should be substantially reduced, i. e., on not shelled, from 4 cents to 2 cents per pound; on shelled, from 6 cents to 4 cents; on walnuts, the present rate should be reduced from 5 cents per pound on shelled to 3 cents per pound; on unshelled, from 3 cents to at least 2 cents. Brazil nuts should be continued on the free list.

The filbert nut, as well as the Brazil nut, is not grown within the United States; neither is any nut with which it comes in competition. No domestic nut has, despite the fostering tariff, taken nor can take its place. It fills a long-established and well-recognized demand. Under such circumstances the same reasons that placed the Brazil nut upon the free list apply with full force to the filbert, and both varieties unshelled should be admitted free.

Almonds.—The California market never has and can not come anywhere near supplying the demand for almonds. The domestic product has never been more than a small fraction of the entire consumption, the importation last year, for instance, of almonds being 14,233,613 pounds, while California produced only 1,500,000 pounds. These figures are taken from the statistical section of the California Fruit Grower, issue of December 11, 1907. The crop has never been a satisfactory one for California growers, there having been only one year in which the crop was successful since 1903. The California Fruit Grower in the issue above quoted contains this statement on almonds:

Almond growers in many parts of the State are very much discouraged over the outlook. Several years ago the output in this State amounted to about 3,000 tons, with every indication that it would be largely increased in succeeding years. For the past two or three years, however, it has been falling off to an alarming extent, and to such an extent has this shortage developed that many orchardists are either grafting their trees to fruits or taking them out altogether.

Under such circumstances it hardly seems a wise policy to tax the entire country for the benefit of an industry rapidly being abandoned. For such almonds, however, as California, or our country, can produce there is an assured market, and we believe that a cut of two cents per pound on both the shelled and unshelled, thus retaining the distinction between the raw and treated product, would stimulate the demand and would result in benefit, by wider markets to the domestic grower as well as to the consumer and the manufacturer. We accordingly ask that that be done.

Walnuts.—Under the protecting care of successive tariffs the California or domestic walnut has reached a stage where, because of its superior quality, the imported article no longer competes with it. The domestic article may fairly be said to dominate the market under the present tariff. The total importations of walnuts for the years 1906 and 1907 were 32,597,592 pounds, while the walnut crop

in California alone for 1907 was 6,000 tons, or 12,000,000 pounds. The excessive duty placed upon walnuts has fostered and practically established a trust in this article, which fixes and determines the price. In the California Fruit Grower of the same issue, December 11, 1907, under the heading of "Walnuts and almonds," is this statement: "Prices on walnuts were named by the associations on September 21 of this year and were exceedingly high," the associations referred to being the associations of growers.

It is an unfortunate state of affairs when an association can control absolutely the price of any food product of general consumption. We believe that a reduction of the duty now imposed upon unshelled walnuts of at least 1 cent a pound, i. e., from 3 to 2 cents per pound, and upon shelled walnuts from 5 cents to 3 cents per pound, would prevent the cornering of the market and fixing of the price and at the same time would fairly protect the American grower and enable him to maintain his supremacy in the market. It would reduce the price of the inferior imported article to the consumer and would stimulate the entire market. We therefore ask that this reduction be made.

V. FIGS.

The present law provides the following:

264. Figs, plums, prunes and prunelles, two cents per pound.

The duty on plums, prunes, and prunelles, which come in direct competition with the California product, should be retained; that on figs should be removed entirely.

The imported Smyrna fig, constituting the bulk of the imported article, can not be seriously said to compete with the inferior California or domestic product.

The California grower has not yet been able to grow any variety which for quality would compete with the imported article. Notwithstanding the continued high tariff (act of 1890, $2\frac{1}{2}$ cents per pound; act of 1894, $1\frac{1}{2}$ cents per pound; present act, 2 cents per pound) the domestic fig industry has not developed sufficiently to perceptibly affect the market or justify its further encouragement at the expense of the consumer, who in 1907, in spite of the duty, used 24,546,000 pounds of the imported article. The domestic development, such as it is, has not been retarded by importation.

In view of this, it is reasonable to suppose that the removal of duty, resulting in larger consumption, will stimulate rather than retard this native development. These facts, coupled with the further fact that the fig is not used as a luxury but is a staple article of food used generally by all classes of our people, would seem to justify the removal of the present duties.

Dated New York, December 16, 1908.

Respectfully submitted.

WILLIAM L. JUHRING,
WILLIAM HILL, JR.,
LUCIUS R. EASTMAN,
FRANK W. JACKSON,

Committee of New York Dried Fruit Association.

EXHIBIT A.

SECOND ANNUAL MESSAGE.

DECEMBER 5, 1898.

To the Senate and House of Representatives:

The Government of Greece strongly urges the onerousness of the duty here imposed upon the currants of that country, amounting to 100 per cent or more of their market value. This fruit is stated to be exclusively a Greek product, not coming into competition with any domestic product. The question of reciprocal relations with Greece, including the restoration of currants to the free list, is under consideration.

WILLIAM MCKINLEY.

STATE OF NEW YORK, *County of New York, ss:*

Edward B. McKay, being first duly sworn, deposes and says that he is president of the American Fruit Machinery Company, a corporation organized under the laws of the State of Pennsylvania, having its principal office in Philadelphia; that said company manufactures patent currant cleaners, currant breakers, raisin stemmers, and raisin seeders, being the largest manufacturers of such machinery in this country; that by reason of the nature of his business he is thoroughly familiar with the business of cleaning and preparing uncleaned currants for the American market; that said business of cleaning currants was conceived and established by American manufacturers and has been built up to its present condition by them; that the business of cleaning currants in the United States has grown to such magnitude that the said American Fruit Machinery Company has now installed their currant cleaners in about 125 different establishments in the United States, there being at the present time about 300 of such cleaners in use within the United States, said cleaners having been purchased at an average price of \$250 each; that said business of cleaning currants is widely distributed throughout the United States, covering both coasts and the entire interior of the country. This appears by the list of houses shown in the catalogue of said company, attached hereto and marked Exhibit A and made a part of this affidavit, in which appears the names of a few of the leading manufacturers, with their locations, in which said machines are used.

Deponent further says that until very recently there was no market for their machines except within the United States; that they have within a very short time sold about ten of their cleaners to Grecian manufacturers and several of them in Spain, showing that the ideas of the American manufacturers have been appropriated by the foreigners, who are using the American machines in conjunction with their cheaper labor, thus having a decided advantage over their American competitors.

Deponent further says that in the manufacture of their machinery American labor is employed at the prevailing rate of wages, and that in the opinion of deponent, basing same upon his experience and acquaintance with the business, a substantial reduction or the entire removal of the duty on uncleaned currants and the placing of a sufficient duty on cleaned currants, as distinguished from the uncleaned, to represent the difference in the cost of labor, would be a very great advantage to the entire American grocery trade, who are now engaged in the business of cleaning currants, as well as to the consumer, who would be enabled to purchase the product at a much lower price than it is necessary to charge at present on account of the duty imposed.

EDWARD B. MCKAY.

Sworn to before me this 15th day of December, 1908.

JOHN J. BUDGETS,
Notary Public, New York County.

**LUCIUS R. EASTMAN, JR., NEW YORK CITY, REPRESENTING THE
NEW YORK DRIED FRUIT ASSOCIATION, FILES ADDITIONAL
STATEMENT RELATIVE TO FIGS.**

BEACH AND WASHINGTON STS.,
New York City, December 24, 1908.

WM. K. PAYNE, *Clerk,*
Ways and Means Committee,
Washington.

DEAR SIR: I beg to acknowledge receipt from you of two copies of the preliminary print of tariff hearings containing statement submitted by me. I have made certain notations in the copy showing certain changes.

On the last two pages there is a discussion concerning the price of figs, and from the record as given a wrong impression might be left on the mind of one reading it, "that best-grade figs only cost 4½ cents." I think the committee, from other statements made to it, understands the varied prices at which figs can be obtained. If there is any question in the minds of the committee, I should prefer to make a more extended statement as to the cost of the various grades of figs.

The main contention which I desired to make was that for figs of the same grade, that is, figs used for the same purposes, the California article was always of a poorer quality than the same grade of Smyrna fig.

I have not compared the brief with my original brief, taking it for granted that this is an exact copy of the one which was signed and handed to the committee.

If there is any further information which I can give the committee, I should be more than pleased to assist in any way that I can.

Very truly, yours,

LUCIUS R. EASTMAN, Jr.

**LUCIUS R. EASTMAN, JR., NEW YORK CITY, FILES SUPPLEMENTAL
BRIEF RELATIVE TO COST OF CLEANING CURRANTS.**

BEACH AND WASHINGTON STREETS,
New York, January 12, 1909.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington.

DEAR SIR: In response to your request, made at the hearing on currants before your committee, I beg to inclose herewith, for use before the committee, affidavits showing the cost of cleaning currants in this country.

The cleaners whose affidavits are inclosed represent, probably, 75 per cent or more of the output of cleaned currants in the United States.

Very truly, yours,

LUCIUS R. EASTMAN, Jr.,
President the Hills Brothers Company.

URBANA, OHIO, *December 30, 1908.*

The WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: We are informed that you desire a sworn statement by us as to the cost of cleaning currants and putting them into cartons and cases. To the best of our knowledge the items of cost are as follows:

	Cents per pound.
Labor	0.44
Cartons (the cost of which is practically all labor) .....	.25
Cases (the cost of which is more than one-half labor) .....	.25
Total .....	.94

There is an additional cost in cleaning currants, which comes from the fact that the currants coming to this country are a part dirt and stems varying from 5 to 10 per cent of the amount of currants. In other words, the cost of cleaning currants in this country is .94 cent per pound, practically all a matter of labor, exclusive of the loss off.

Yours, very truly,

THE W. H. MARVIN CO.

STATE OF OHIO, *Champaign County, ss:*

C. H. Marvin, being duly sworn, says he is the secretary and treasurer of the W. H. Marvin Company, an Ohio corporation, and that the facts stated in the foregoing letter are true, to the best of his knowledge and belief.

C. H. MARVIN.

Subscribed and sworn to before me this 31st day of December, 1908.

[SEAL.]

E. E. CHENEY, *Notary Public.*

NEW YORK STATE, *New York County:*

We, the undersigned, importers and cleaners of Greek currants, hereby make affidavit that the following is a table showing the cost to ourselves of cleaning such currants and putting them up in cartons and cases in our cleaning factories ready for shipment to the trade:

Carton	\$0.0025
Box and nails .....	.0033½
Paper lining .....	.0008½
Labor .....	.0037½
	.0104½

The item of labor includes filling machines, making cartons, filling cartons, weighing cartons, filling and nailing boxes. The loss in weight from cleaning is not included in the above table.

R. C. WILLIAMS & COMPANY,

Per WILLIAM L. JUHRING.

Sworn to before me this 31st day of December, 1908.

[SEAL.]

M. CAMPBELL, JR.,

Notary Public, Kings County, N. Y.

NEW YORK, *January 11, 1909.*

The undersigned, an importer and cleaner of Greek currants, hereby makes affidavit to the following. The table shows the cost of cleaning such currants and putting them up in cartons and cases in my factory ready for shipment to the trade:

Cartons	\$0. 0023
Boxes and nails .....	. 0036
Paper lining .....	. 0009
Labor .....	. 0027
	<hr/>
	. 0095

The item of labor includes the making of cartons, filling of cartons, weighing of the fruit, cleaning of the fruit, and nailing of the boxes. The loss in weight from cleaning is not included in the above.

WM. HUER, Jr.

Sworn to before me this 11th day of January, 1909.

[SEAL.]

ROBERT M. PURCELL, *Notary Public.*

We, the undersigned, importers and cleaners of Greek currants, hereby make affidavit that the following is a table showing the cost to ourselves of cleaning such currants and putting them up in cartons and cases in our cleaning factories ready for shipment to the trade:

Carton	\$0. 0025
Box and nails .....	. 0033½
Paper lining .....	. 0008½
Labor .....	. 0025
	<hr/>
	. 0091½

The item of labor includes filling machines, making cartons, filling cartons, weighing cartons, filling and nailing boxes. The loss in weight from cleaning is not included in the above table.

THE HILLS BROTHERS COMPANY,
Per LUCIUS R. EASTMAN, *President.*

Sworn to before me this 12th day of January, 1909.

[SEAL.]

J. J. BRIDGETTS, *Notary Public.*

IMPORTERS AND DEALERS EXPRESS APPROVAL OF REQUESTS MADE BY NEW YORK DRIED FRUIT ASSOCIATION.

WASHINGTON, D. C., *January 12, 1909.*

Hon. SERENO E. PAYNE,

*Chairman Ways and Means Committee,**Washington, D. C.*

DEAR SIR: Whereas the Dried Fruit Association of New York appeared before the committee on December 17, 1908, and presented a petition asking for certain changes in the tariff, as follows:

Section 264.—Currants. The law should read, "Currants, zante or others, provided cleaned, one-half cent per pound. Currants, zante or others, uncleaned, free."

Section 264.—Dates. Provides a duty on dates of one-half cent per pound. These should be added to the free list.

Citron. Present law with regard to citron should remain unchanged.

Section 270. Present law reads: "Filberts and walnuts of all kinds, not shelled, 3 cents per pound; shelled, 5 cents per pound. Upon almonds, shelled, 6 cents per pound; not shelled, 4 cents per pound. Brazil nuts admitted free of duty." We ask that filberts, not shelled, be free; shelled, 3 cents. Almonds, not shelled, 2 cents per pound; shelled, 4 cents per pound. Walnuts, 2 cents per pound; shelled, 3 cents per pound. Brazil nuts free.

Section 264.—Figs. Figs, plums, prunes, and prunelles, 2 cents per pound. We ask that figs be placed on the free list.

We, the undersigned, importers and dealers in the aforesaid articles, hereby express our approval of the requests made in the aforesaid petition, and ask that the changes above suggested be made in the tariff laws.

JONATHAN LEE & Co.,
Schenectady, N. Y.
 WHITMAN SCHWARZ Co.,
Harrisburg, Pa.
 HETZEL BROS. Co.,
Cumberland, Md.
 ALBAUGH & BABYLON Gro. Co.,
Westminster, Md.

DRIED CURRANTS.

[Paragraph 264.]

THE W. H. MARVIN COMPANY, URBANA, OHIO, PETITIONS FOR FREE ADMISSION OF DRIED CURRANTS AND A DUTY OF HALF A CENT PER POUND ON CLEANED CURRANTS.

URBANA, OHIO, *November 26, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We wish to discuss the duty now paid on dried currants raised in Greece and imported into the United States, in the first place, as to the advisability of continuing this duty, and, in the second place, as to having a duty placed upon cleaned dried currants, which are put up in packages ready for use.

Previous to the McKinley Act currants were imported free of duty. That law levied a duty of $1\frac{1}{2}$ cents per pound.

The Wilson law assessed the same amount, and the Dingley law levied a duty of 2 cents per pound.

These import duties were no doubt placed upon currants for the purpose of raising revenue and as a protection to the dried fruit industry of California in its infancy at the time the duties were first levied upon currants.

We submit to you that 2 cents per pound duty is equivalent to an ad valorem duty of from 50 to 90 per cent and that such a duty on an article found almost exclusively on the tables of the poor is excessive.

We submit to you that the California dried-fruit business is no longer in its infancy, but is now in a high state of development.

We submit that the duties upon dried fruits have made opportunities for associations of growers and dealers, which have dictated prices and forced extortion from the consumers of California dried fruits.

We submit the fact that California has been unable to raise dried currants and that in Greece is found the only soil in which these currants can be successfully raised.

We submit that dried currants are used almost entirely by people of small means and that the duty is a hardship upon them, and that this duty is levied upon an article which has not been and will not be raised in this country.

In the second place we think a duty should be levied upon cleaned dried currants. There is no distinction in the present law between dried currants and cleaned dried currants.

Dried currants in their original condition come to this country generally in barrels, and each currant has a small stem on it and a great deal of dirt and sand are mixed with the currants. A process of cleaning these currants and putting them up in packages has been developed, and they are sold now altogether cleaned and in cartons. The cleaning process gives labor to men who are paid from \$1.50 to \$2.50 per day.

The cartons are made by printers who pay American wages, and the cardboard is made in American mills. The cases are made by American box factories, and the lumber used comes from American timber.

Unfortunately for American industry the Greeks are developing the cleaning business, and now a great many currants are being shipped to this country already cleaned by Greek labor, packed in cartons and cases made in Greece.

We are informed that Greek labor can be had for 25 cents per day.

Finally, we ask the members of your committee to consider the above, and, if consistent with your views, to recommend the importation of dried currants free of duty, and the placing of one-half of a cent a pound duty upon cleaned currants.

Very respectfully submitted.

THE W. H. MARVIN CO.,
Cleaned Currants and Condensed Mince-Meat.

CURRANTS AND RAISINS.

[Paragraph 264.]

WM. A. HIGGINS & CO., NEW YORK, CLAIM THAT IF THERE BE ANY CHANGE IN DUTY IT SHOULD BE A REDUCTION.

NEW YORK, *December 3, 1908.*

MR. WILLIAM K. PAYNE,
*Clerk Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Our attention has been called to the statements made by Mr. M. F. Tarpey, representing the Fresno (Cal.) Chamber of Commerce in advocating an increase in the duty on raisins and currants

and that the latter be called "seedless raisins." We beg to submit that such action is entirely unnecessary, for while we have always believed in and advocate now a protective tariff, we feel that the raisin industry of California is not only fully protected in the present tariff (2½ cents per pound), but in our judgment is overprotected, and if there is any change in the duty on raisins and currants it should be a reduction.

Besides being importers and wholesale dealers in foreign dried fruits and raisins we handle California dried fruits and raisins largely; in fact, the latter constitutes the greater part of our business, so we can write with some authority on the subject.

Re the article of currants, on which the present duty is 2 cents per pound, it has been our observation that currants are used simply because they have a flavor desired and preferred by some consumers in preference to any of the seedless varieties of raisins, especially the Thompson seedless, and notwithstanding that during the past three years Greek currants (commercially known as Zante currants) have ruled higher in price than California seedless muscatels, seedless sultanas, and occasionally Thompson seedless raisins, the consumption of currants has not diminished, so that we, as distributors, have become convinced that Zante currants do not compete with any variety of seedless raisins and that any increase in the duty would be a hardship to a certain class of consumers—principally the working class—who would not accept the seedless raisins as a substitute.

Further than this the decided improvement in the process of bleaching Thompson seedless raisins has enhanced the average value of that variety to such an extent that growers net a handsome profit on each year's crop, and the character of the raisins is so changed that it is simply ridiculous to say that Zante currants could be sold and used as a substitute.

American producers of raisins are not only fully protected in the present tariff, but in the past they have shown a lack of appreciation of such protection. For example, a few years back (we have not the time necessary to look up data) the raisin growers formed a combination. A grower named Kearney was authorized to arrange the sale of the crops of the combined growers, and he was instructed to sell to Canadian consumers raisins at 1 cent per pound less than they were willing to sell to American consumers, from whom they sought and secured protection against foreign competition.

Mr. Tarpey stated that the Zante currants are nothing more or less than seedless raisins, but no unbiased expert will agree with that statement. They are very dissimilar both in appearance and flavor, and if the time was not so limited we could find a United States court decision in support of this contention. This action was brought in the interest of California growers during the life of the Wilson tariff law, under which currants were admitted free of duty, and the action sought to have currants declared to be raisins, on which a duty was imposed under the same tariff law, and the action, we repeat, was unsuccessful.

We favor a reduction from the present duty on currants to 1½ cents per pound.

Cleaned currants.—The so-called "Zante" currants have in the past been imported in uncleaned or natural condition, and many firms in this country, at considerable expense, installed machinery to wash

and stem the currants, packing them into cartons, in which condition the consumer demanded them. But during the past few years shippers of currants in Greece installed cleaning machines of English make and ship currants to the United States (in cartons and bulk), in a cleaned condition, at 1 shilling to 1 shilling and 6 pence per 112 pounds (equal to a trifle over one-fourth cent per pound, American weight) over the cost of the uncleaned product; and as the cost of cleaning the currants and packing into cartons in the United States is three-fourths cent per American pound, the business of the currant-cleaning firms in Greece has steadily increased and threatens eventually to crowd out the currant-cleaning industry in this country, for it is simply a question of the difference in labor; and if the business of cleaning currants is to be saved to American labor, an extra duty should be levied on currants imported in a cleaned and stemmed condition, whether imported in cartons or in bulk, this difference amounting to, as we have explained above, one-half cent per pound American weight.

Raisins.—The present duty of 2½ cents is, in our judgment, higher than necessary by one-half cent to 1 cent per pound, and still afford ample protection to the interests of the American grower.

The great bulk of the raisins produced in this country consists of muscatel (or muscat) raisins; these raisins during the early life of the industry reached the consumer in original condition, i. e., containing the seeds, which the consumer extracted either by hand or with the aid of small hand machines; but of recent years power raisin-seeding machines were so perfected that they have been the means of increasing the consumption of muscat raisins enormously, giving the consumers large raisins with seeds extracted and ready for use.

These machines have not been used successfully with foreign raisins, for in connection with the machines a process consisting of heating the raisins at a high temperature was used that preserves not only the natural flavor of the fruit for many months after seeding, but prevents the raisins from becoming dry and sugar coated, which gives the raisins the appearance of being old. This preservation of the natural color and flavor of the fruit could not be accomplished with foreign raisins, the principal variety of which is the Valencia raisin of Spain, and which was, before the perfection of processing the raisins before seeding, the principal competitor of American muscatel raisins; for example, during the season 1907, when the stock of 1906 crop of California muscatel raisins was exhausted and prices advanced to a high figure and the crop of 1907 could not be harvested, seeded, packed, and received by eastern consumers until well into October, large quantities of Spanish Valencia raisins were imported and seeded to supply the great demand for raisins before the new crop of California muscatels was ready for shipment, and notwithstanding that the Spanish Valencia raisins were processed in the usual manner, they soon became dry, hard, and coated with sugar and so unsightly that the seeders suffered losses by reason of the rejection of the seeded raisins, and our own experience was such that we could not be induced to again undertake to seed Spanish Valencia raisins and place them upon the market; so that, in our judgment, even without any duty on raisins, California loose muscatels could be sold profitably in a seeded condition as against the Spanish Valencia

raisins. The muscatel raisins, known as Malaga (Spain) raisins, are in such demand, packed loose, in Great Britain and Europe that they rarely find their way to the United States, even when values here rule abnormally high.

We believe that the duty on raisins should be not over $1\frac{1}{2}$ cents per pound.

Kindly acknowledge receipt of this communication.

Respectfully submitted.

WM. A. HIGGINS & Co.

OLIVES.

[Paragraph 264.]

**H. C. NEWCOMB, REPRESENTING NEW YORK OLIVE IMPORTERS,
THINKS DUTY ON GREEN-CURED OLIVES EXCESSIVE.**

NEW YORK, November 14, 1908.

Committee on Ways and Means,

House of Representatives, Washington, D. C.

GENTLEMEN: As chairman of the committee of three appointed to represent the olive importers of the United States before your committee, I beg to submit for your consideration the following preliminary brief—

That the present rate of duty on green cured olives (15 cents per gallon), being equivalent to 40 per cent on the average cost per gallon of edible olives in the country of origin, is excessive.

That green edible olives, being noncompetitive product, should be taxed for revenue only.

That a reduction in the present rate of duty from 15 to 10 cents per gallon will enable the importers of this commodity to so increase the quantity of such olives consumed that the revenue to the Government will be increased.

It has been demonstrated that the production of olives of a similar character to those imported from Spain is impossible in this country, because of climatic and other conditions. The olives produced in California are of an entirely different character, containing a much greater percentage of oil, being entirely different in the texture of the pulp, and furthermore being impossible of distribution in the same channels as at present are employed in the distribution of Spanish olives, because from the nature of the fruit California olives will not keep in wooden or glass packages, such as are used in the distribution of olives; aside from this, the maximum production in California, according to California authorities, of both ripe and green cured olives, is less than 5 per cent of the total consumption of Spanish olives in the United States. Of this 5 per cent not more than a quarter are of the green cured variety.

The total volume of the annual business in Spanish olives in the United States is about \$3,000,000. Of this about \$1,200,000 represents the cost of the olives themselves, duty paid. Some \$500,000 of this represents salaries and wages, and about \$1,000,000 represents bottles, corks, metal caps, labels, and other articles of domestic manufacture which are used in packing olives for distributing to the con-

sumers; so that, in order to market \$1,200,000 worth of olives from Spain, we have to use of American manufactures and labor about \$1,500,000 worth. By increasing the importations of olives we can increase the quantity of domestic manufactures used in the distribution of the goods, and increase the facilities to the consumer.

From statistics available for the past twelve years we believe that the average income to this Government from the duties on olives at 15 cents per gallon has been about \$240,000 per year. We believe that the incentive which a reduction in that duty would give to the business would make it possible to increase the importations of Spanish olives to a point where the revenue to the Government would exceed \$240,000 per annum. The present duty of 15 cents per gallon represents 100 per cent on the value of the olives at the point of shipment of about 40 per cent of the olives imported. As the varieties represented by this 40 per cent of the importations are the cheaper grades of olives, because they are produced in much larger quantities than the other varieties, they are nevertheless the most desirable olives to eat, we firmly believe a reduction of the duty will materially stimulate the consumption.

We believe that investigation will substantiate the statements here made, and in submitting this brief we ask the privilege of supplementing it with further proofs indorsed by the largest handlers of food products in this country.

Very respectfully,

H. C. NEWCOMB,
Chairman Olive Committee.

**STATEMENT OF H. C. NEWCOMB, PHILADELPHIA, PA., CHAIRMAN
OF A COMMITTEE REPRESENTING THE OLIVE IMPORTERS OF
THE UNITED STATES.**

THURSDAY, *November 19, 1908.*

Mr. NEWCOMB. Mr. Chairman and gentlemen, I would like to have about nine minutes. I am one of the committee of three representing the Spanish olive importers, manufacturers, and distributors in the United States. I represent the importers. My fellow-members represent the largest manufacturers and importers and distributors in the United States. We come to ask for a protective tariff, but that the protection be given to the proper persons, who are the manufacturers and the consumers. We are opposed by the California growers of olives, who after ten years of protective tariff have not been able to supply what is required by the manufacturer and consumer, either in quality or in quantity.

The average importations of the Spanish olive for the last ten years, according to the best statistics that we can get, which may differ slightly from those compiled by the Government, because they have the government manifests to go to, while we have the ordinary manifest; but we believe that the average importations of the Spanish olives for the last ten years has been about 1,600,000 gallons per year. This year I think we are bringing in about 2,500,000 gallons. Our statistics are taken from the manifests, and not the government reports. It is possible that you may find more in the government reports. We do not refer to the black olive, because that is not prepared on the other side of the ocean.

Under the present rate of duty the importers are paying to this Government about \$240,000 a year. This Government can readily increase this revenue by reducing the duty. The present rate is 15 cents per gallon on all sizes of cured green olives. This means 60 per cent of olives imported are paying a duty equal to 25 per cent ad valorem. About 18 per cent of the olives imported are being taxed 40 per cent and 22 per cent of the olives imported are being taxed 100 per cent. These percentages represent the large, medium, and small sizes.

There are 18 sizes of olives. When the present rate of duty was fixed, the California producers of olives claimed a protection for an infant industry, and it was raised from the ad valorem duty, equivalent to about 6 cents a gallon, to 15 cents, which it is at present. The only olives that California is producing, or will ever be able to produce, are those equal to the smallest sizes that we are importing, upon which the present rate of duty is 15 cents and which is equivalent to 100 per cent. The consequence of this rate of duty is that we can not increase our output of small sizes, notwithstanding these small sizes are more plentiful at the point of production than the larger and medium sizes. Therefore the field for selling has not been developed as it should be. In the meantime California has not been able to produce the quantity of green, cured olives to more than 5 per cent of what we are importing, nor has it been able to produce the quality of olives that the bottling business requires. Nor are the California olives in color or flavor or quality what we require. In the bottling business it is necessary that the olives shall have a uniform color. The green, cured olives of California have never been produced of uniform color, and it is impossible for them to do it. Furthermore, the green, cured olive of California will not keep. With all due respect to the California gentlemen who represent their interest, I want to say that I received about ten weeks ago five barrels from one of the largest and, I think, one of the best curers in California, and I am sorry to say that when those 10 barrels arrived in Philadelphia they stunk so bad that I had to send one of them to the dump. The demand of the consumers for our olives is for a uniform color, and that California has not been able to get. Unless the olive will keep in glass bottles, or barrels, it is not of use to anybody. The importers and bottlers have tried the California olives whenever they could get them for the last ten years, but they have not been able to keep them in bottles or barrels.

The different claims of the California importers are set forth in the pamphlet published this morning, and I think they say that they can produce about 150,000 gallons of cured olives, the green and the black, and that is about 6 per cent of the quantity we are importing this year. The black olive is the ripe olive. Nevertheless, there is not a single bottler in America to-day who has been able to use their olives, and I know many who are anxious to try them. The truth is their olives are neither bottleable nor are they keepable, from the manufacturing standpoint.

We believe that their pretensions are not provable. We believe that they can not produce more than 2 per cent of the olives necessary. There are employed in this country several thousand in importing, bottling, and distributing Spanish olives; at the same time many thousands of dollars are being paid to bottle manufacturers, case

makers, lithographers, and for other supplies that go to make the finished product of the bottled olive. We claim the right to increase this business. We claim the right to furnish the consumers with a cheaper grade of olives. The demand is here, the manufacturing facilities are here, the enterprise and capital is waiting. But we are held back by a protective tariff established for the interest of the California infant industry, which has been carried on for more than ten years, and that infant is still a baby in swaddling clothes. We want this duty reduced to 10 cents per gallon instead of 15 cents. We want this because we think it is right. It is not right to keep the consumer from having what he wants and what he is able to pay for.

Mr. UNDERWOOD. Right there; what effect would the reduction you desire have on the revenues?

Mr. NEWCOMB. I will show you that in a few minutes. It is not right to keep us from enlarging our business, yet California is not able to produce our requirements; in fact, not 2 per cent of our requirements are being produced by California to-day. We want our enterprise and facilities protected, we want our working people protected, and we ask to have this duty made 10 cents per gallon. As a matter of fact there ought not to be any duty on these olives because the bottling end of it and the manufacturing end of it represent a great deal more capital and people than all that California produces. But we are willing to pay our share of the revenues of the Government, and we are willing to pay this 10 cents. There is no more reason why there should be a protective tariff on olives than there should be on the cork wood that is used in making a bottle cork. We claim that the bottlers of the United States have just as much right to be protected as the cork men, and they grow cork in California also.

The CHAIRMAN. Some things are quite evident even to members of the committee.

Mr. NEWCOMB. Thank you. We know that a reduction will bring an increased revenue, and the proposition is simply this: At 15 cents per gallon we have been bringing in during the last ten years about 960,000 gallons of large fruit, which represents 60 per cent of what comes in. That has brought a revenue of \$144,000. Forty per cent of that brought in has been small fruit, making 640,000 gallons, or \$96,000, being a total of 1,600,000 gallons, or \$240,000 duty. You will see that the 40 per cent of the import has been on an excessively high rate of duty, from 60 to 100 per cent. If you will reduce that rate to 10 cents, we can give olives to the masses, and reverse those figures; and instead of having importations practically of the large sizes, to be consumed by the wealthy people, we can make the consuming masses, the poorer people, our customers, and just because of that 5 cents additional duty, and we can increase the sale 25 per cent, of the larger olives, and the sale of the smaller sizes 400 per cent. If that is done, we shall be able to bring in 1,110,000 gallons, producing \$110,000 revenue, or 2,660,000 gallons, producing \$266,000 revenue. On one class of olives alone we are now bringing in about 352,000 gallons, which means that, at the present rate of duty, there is received \$43,000. That particular class of olive was unknown to the trade ten years ago. I am referring to the olive stuffed with peppers. So that in the last ten years that business has grown from nothing to 350,000 gallons. We believe we can multiply that easily by five, and in that case we shall bring in 1,750,000 gallons, at a duty of 10 cents

a gallon, with a revenue of \$175,000 instead of \$43,000. We object to a failure being protected to the detriment of an increasing, successful, and revenue-producing home industry.

Mr. DALZELL. How much has that increased under the present tariff?

Mr. NEWCOMB. It is practically new business.

Mr. DALZELL. You said that in the last ten years it had increased so much.

Mr. NEWCOMB. Ten years ago there was not any such business.

Mr. DALZELL. And the increase has been what?

Mr. NEWCOMB. We had none until ten years ago. It is a new business—olives stuffed with peppers.

Mr. DALZELL. I understand. It was nothing ten years ago, and it has grown to what now?

Mr. NEWCOMB. About two hundred and fifty or three hundred thousand gallons per year.

Finally, gentlemen, we ask for protection to the people who are working so hard—protection to the masses. We want protection for the people who have invested so much money to furnish this product and who can furnish the article that is needed.

Mr. FORDNEY. Isn't it true that the olives are cheaper now than they were ten years ago?

Mr. NEWCOMB. I think they are higher now than they were then.

Mr. DALZELL. You say that the California growers produce about 2 per cent of the entire consumption?

Mr. NEWCOMB. Two per cent of the quantity we are importing.

Mr. DALZELL. Your proposition is that that industry is not big enough to be protected?

Mr. NEWCOMB. As a matter of fact, yes; we do not think it is.

Mr. DALZELL. Too much of an infant to be protected?

Mr. NEWCOMB. But the infant has never produced an olive that the trade could buy.

Mr. DALZELL. I understood you to say also that the California olive was substantially no good for keeping, quality, color, or size?

Mr. NEWCOMB. Yes; and we can demonstrate that.

Mr. DALZELL. Then it does not come in competition with your olives?

Mr. NEWCOMB. That is true; it is not competitive.

Mr. NEEDHAM. Do you mean to say that the California olives can not be bottled?

Mr. NEWCOMB. It can be bottled, yes; but I maintain that you can not keep the corks of the bottles in, because the olives do not have the keeping qualities; you can not keep them in with a sledge hammer.

Mr. NEEDHAM. I think you are very ignorant of the olive trade in California.

Mr. NEWCOMB. Well, I have seen the California olive bottles on the top shelf of a store in the winter time, and I have seen the cork blow out up to the top, showing that the olives were not of the keeping quality.

Mr. Pou. What is the ad valorem duty?

Mr. NEWCOMB. About 40 per cent on the Spanish olives of all sizes.

Mr. Pou. Do you think they would then sell cheaper?

Mr. NEWCOMB. Undoubtedly.

Mr. Pou. How much is that, 5 cents a gallon?

Mr. NEWCOMB. Yes, sir; 5 cents.

Mr. DALZELL. I thought you said it was 40 cents.

Mr. NEWCOMB. I said the duty averages 40 per cent; that is, the Spanish olives of the eighteen sizes. It is 40 per cent on an average.

The CHAIRMAN. It would be 40 per cent on a part of them and on the remainder of them it would be from 27 per cent to 30 per cent.

Mr. NEWCOMB. It would average somewhere in the neighborhood of 40 per cent.

The CHAIRMAN. I suppose that you find that in the government statistics?

Mr. NEWCOMB. It is pretty close to 40 per cent average, ranging from 20 per cent to 100 per cent.

STATEMENT OF J. MAGEE, OF NEW YORK, WHO THINKS THAT THE GOVERNMENT WOULD SECURE ADDITIONAL REVENUE BY REDUCING THE DUTY ON OLIVES.

THURSDAY, *November 19, 1908.*

Mr. Chairman and gentlemen of the committee, I appear to represent the olive importers, the packers, and the American wholesalers of the East, whose early importations of Spanish olives amount to about a million dollars in value. In this industry we employ about fifteen hundred American people, and we pay wages amounting to about half a million dollars. The California people only estimate about \$150,000 worth of business in pickled olives, and it would mean that we pay in wages about three times as much as the entire value of the California pickled-olive trade. It is a fact also that California is an importer of olives, because Spanish olives are sent there, and sold in competition with the California product, in probably exactly the same quantities and of the same sizes as those cured in the State of California. The reason for that is that the California product and the Spanish product are entirely different. They are alike in name only. They are two entirely different species of fruit. There are a great many different varieties of olives.

The only really successful trade in Spanish olives is in the olives coming from the district of Andalusia, of which the city of Seville is the center. The territory for 50 miles around Seville will cover the entire producing section for Spanish green olives. This olive will keep in casks of 160 gallons as long as three years. We have kept them that long. They are sold principally in bottles and they will easily keep a year subjected to all conditions, and I may state that an olive is subject to a change in color by reason of the change in light and other conditions.

It is impossible to keep the California olives in bottles. They can not be handled successfully. We have tried it. Most of the wholesale grocers have tried it, and they know.

Mr. NEEDHAM. Is it not a fact that they are sold in the stores in this city and that they do keep perfectly?

Mr. MAGEE. We have not been able to keep them six months. In California, I understand, they keep them in tin by some preparation the constituents of which we do not know. We are not opposed to the California olive business, because we are the people through whom the California raiser must sell. In California they sell a 16-ounce tin

for \$1.35 per dozen which would cost \$1.50 in New York. We can not pack a 16-ounce package of Spanish olives costing less than \$1.60.

Furthermore, if the California product is of sufficient importance to make it an important factor, why is it necessary for them to import the Spanish olive in large quantities into that State? That is the question we would like to have answered. We do not regard it as a fact that the Spanish olive industry is competing with the California product, and we think that our business is entitled to the same consideration that the California business is.

Now, as to the California product delivered in New York in barrels. I have tried to pack these olives in bottles, and I am positive that it can not be done. They have never been able to show us how it can be done. We have tried that for six succeeding years. It seems to be impossible to pack them and keep them thirty days. Tin is a package that is not suitable to olives. They use it in California by using some sort of a pickling preparation. We can not pack the Spanish olives except in a strong preparation of water and salt. This brine does affect tin. Everybody knows that. The brine used in California does not affect the tin. The olive is the only fruit that grows where the oil is in the pulp. The Spanish olive does not contain oil in sufficient quantities to make it commercially valuable. I think that if the duty is reduced 5 cents a gallon we will increase our business. The reduction of this duty would enable us to sell 20 per cent more than we sell at the present time without increasing the number of packages sold, besides which by enlarging our packages we can create new trade. If we increase our business, it will increase the government revenue.

Mr. HILL. You contend that this is a noncompetitive product in which the Government can receive a larger revenue by the reduction of the duty?

Mr. MAGEE. That is the point.

Mr. CLARK. Is the olive to be compared with the plum?

Mr. MAGEE. Plums have flat pits and olives have round ones. The olive and the plum belong to the same family, the striking difference being in the pit itself.

Mr. CLARK. Is it true that a portion of the oil is made from the green variety?

Mr. MAGEE. No; that is not true.

Mr. CLARK. I have seen it so stated in the newspapers.

Mr. MAGEE. There are a good many things stated in the newspapers that are not true.

Mr. CLARK. I am quite aware of that, but I was interested to find out.

Mr. MAGEE. Olives are not plums.

STATEMENT OF WILLIAM F. BODE, OF CHICAGO, ILL., ASKING FOR A REDUCTION IN THE DUTY ON OLIVES.

THURSDAY, November 19, 1908.

Mr. BODE. Mr. Chairman and gentlemen of the committee, I am here directly representing Reid, Murdoch & Co., of Chicago, and incidentally all of the large western olive importers. All are unanimous in a desire for a reduction of 5 cents a gallon in the duty on

olives, or a reduction from 15 to 10 cents per gallon. In our opinion this action on your part will increase the olive imports. The American importers have reached the limit of supply of merchantable olives of ruling sizes. America takes nearly all of the large or Queen olives grown; estimated average annual yield for the past ten years, 900,000 gallons. This market also takes about 300,000 gallons of the small olive, known as the Manzanilla olive. We wish to increase the importations of this smaller olive; it is also the cheaper olive. The foreign or Spanish olives in no way compete with the American or California olive. The only merchantable olive which California produces is the ripe olive; this stands in a class by itself. No ripe olives are imported, and therefore there is no competition with the California product. The green olive produced in California is practically unmerchantable. Therefore, we, as importers of olives, occupy the unique position of advocating a proposition to reduce the duty which will operate to increase the tariff. We have no quarrel with California olive growers. We do not think that they can produce a merchantable product. Under changed conditions of the tariff the olive merchants of this country can sell twice the quantity of olives that they now import. We simply wish to be given an opportunity to increase our business.

Mr. UNDERWOOD. What effect would the reduction have on the amount of duty received?

Mr. BODE. We think that the small Manzanilla olive will be imported in three or four times the quantity that it is to-day. The small olive is the olive that the average family can buy. It is only the wealthy class that buy the large Queen olive or the California ripe olive.

Mr. POW. The reduction would only enable you to sell 5 cents a gallon cheaper?

Mr. BODE. Yes, sir.

Mr. POW. Do you think that that small reduction would increase the revenue to the extent that you indicate?

Mr. BODE. Yes, sir.

Mr. GRIGGS. Are you able to state how much the reduction would be on a pint jar of olives?

Mr. BODE. I think olives will be sold mostly in bulk by the distributing or selling agents for olives. The small olive when sold in a bottle would probably not be reduced in price.

WILLIAM O. JOHNSON, OF LOS ANGELES, CAL., WANTS AN INCREASE IN DUTIES ON OLIVE OIL AND OLIVES.

THURSDAY, *November 19, 1908.*

Mr. FORDNEY. Are you for or against the tariff?

Mr. JOHNSON. I am for a little more; I want it doubled. I have filed a brief, and I would like to read a synopsis of that brief.

Mr. JOHNSON read the brief, as follows:

Mr. Chairman and gentlemen: I appear before you representing the olive growers and olive-oil manufacturers of the State of California. A complete report on olives and olive oil has been filed. I ask your permission to read a short synopsis of that report. We believe this

is the first attempt of the growers to properly place the situation of olives and olive oil before Congress. It has never before had any form of representation on the part of the grower, and we ask the further protection of our infant and growing industry. Last year approximately three and one-half million gallons of pure olive oil were imported into the United States. Of this amount 3,000,000 gallons were delivered in New York duty paid at \$1.25 to \$1.50 per gallon, the balance from \$1.50 to \$1.75 per gallon duty paid, and a very small quantity at \$2. Last year there was also imported free of duty, under the head of manufacturing oil, two and one-half million gallons pure olive oil.

Last year California produced approximately 350,000 gallons of olive oil and 45,000 gallons of pickles, ripe and green. California is producing one-tenth or less of the oil consumed, while the people of the United States are sending annually to foreign countries between two and one-half and three and one-half million dollars, on which the Government is receiving \$1,300,000 revenue.

The olive industry to-day in California, owing to continual discouragements, from a financial standpoint, is utterly demoralized. There are about 12,000 acres of olives at present planted in California. Fifty per cent of this acreage is bearing. The yearly average net income under present conditions is \$17 per acre. Not a handsome income on an orchard requiring seven or eight years to come into bearing and an annual outlay of from \$10 to \$20 per acre. Olive oil can be manufactured in European countries at from 40 to 60 cents per gallon as against approximately \$1.40 factory tank cost in America. Freight from Europe to New York is 5 cents to 7½ cents per gallon as against 12 to 15 cents per gallon from California to New York, making our total cost delivered in New York on the cheaper oil which we manufacture \$1.55 to \$1.65 per gallon. This forces us to compete with equally good imported oil on a cost basis of 97 cents to \$1.15 f. o. b. New York, duty paid. Wages for this class of work in Europe average from 25 cents to 60 cents per day, to say nothing of the large amount of free child and female labor. Our labor here for the same work averages from \$1.50 to \$2 per day per man. There is certainly no reason to consider this class of labor more efficient here in the United States than the European labor, as it is not skilled labor in any sense. The total cost of harvesting and delivering olives in Europe at the factory rarely exceeds \$6 to \$7 per ton, while our cost is seldom under \$20 per ton. Unless some radical change is made by affording better protection to the industry by an increased tariff, the olive industry from the growers' standpoint must remain in its present condition of stagnation. It is safe to say that with the same protection that has been afforded oranges and walnuts that the olive industry could so be increased that at least 75 per cent of the olives and olive oil consumed in the United States could and would be raised and manufactured in our own country. We have a great and almost unlimited field for olives and olive oil, and some action should be taken to foster this industry. We can not expect any great results unless there be.

From figures and investigation our committee respectfully suggests that you give us protection on olives, green and ripe, of 25 cents per gallon and on olive oil 75 cents per gallon, and the so-called "manu-

factured oil," denaturized. Then you will see the orchard already planted taken care of and new orchards set out, and you will see California make the olive industry one of the largest and most profitable that it has. We are the only State growing olives; therefore stand alone and unassisted in making this plea, but we claim it is too large and important a matter for your committee to ignore.

An importer yesterday said to me: "Ten years ago we got 15 cents on olives to protect your infant industry. What have you done with your infant in the ten years?" We have increased our acreage to 10,000 acres. We have invested in trees and manufacturing plants about \$4,500,000, and we have done that in the face of increased expense for labor and material and selling our pure olive oil, up to one year ago, in competition with so-called "pure olive oil" imported from European countries, and which was adulterated from 30 to 60 per cent.

The CHAIRMAN. You spoke of denaturing olive oil for manufacturing purposes. It was stated the other day that that could not be done.

Mr. JOHNSON. I claim it can be done. I think that that would be a question for the chemist to decide.

Mr. BOUTELL. To what extent is olive oil used by the soap makers throughout the country?

Mr. JOHNSON. The use of it is very small.

Mr. BOUTELL. What oil do they use?

Mr. JOHNSON. I think they use soap grease and cotton-seed oil principally.

Mr. BOUTELL. Is not olive oil used largely in the manufacture of castile soap?

Mr. JOHNSON. It is not used in all of the castile soaps. It should be used in it; but they could not use all olive oil in the making of soap, because it will not saponify. They would be compelled to use some other oils.

Mr. BOUTELL. The soap makers do not use the imported oil?

Mr. JOHNSON. I do not think so; but I do not know anything about that. I deal only with the commercial oils.

Mr. McCALL. For what purpose do they use this inferior olive oil that comes in?

Mr. JOHNSON. I am afraid that they use it as an edible oil. That is why we want it denatured.

Mr. GRIGGS. Do not the soap makers use the cotton-seed oil?

Mr. JOHNSON. I think they do.

Mr. GRIGGS. They use it very largely.

Mr. JOHNSON. I think so.

Mr. GRIGGS. You do not claim that they use olive oil?

Mr. JOHNSON. I think some of it is used by the silk manufacturers, but I suppose that about 80 per cent of the oil which comes in free of duty is used as edible oil.

Mr. GRIGGS. The California fruit comes in competition with the Georgia fruit. What is the freight rate from San Francisco to New York?

Mr. JOHNSON. It is 15 cents a gallon on oil.

Mr. GRIGGS. Do you know what it is on peaches?

Mr. JOHNSON. I do not.

Mr. GRIGGS. Do they not ship peaches as cheaply from California to New York as we ship them from Georgia?

Mr. JOHNSON. I do not know. Importers pay $7\frac{1}{2}$ cents per gallon from Europe, while from Los Angeles to Chicago and New York we pay 15 cents per gallon.

Mr. NEEDHAM. How long have you been in the olive business?

Mr. JOHNSON. Five or six years.

Mr. NEEDHAM. Do you know anything about the principle of bottling olives?

Mr. JOHNSON. Yes.

Mr. NEEDHAM. Have you ever had any trouble in getting olives to keep?

Mr. JOHNSON. No; our trouble is on account of the New York importer. He is the man who says we can not keep them. We have never had any trouble in keeping olives five years. We canned about 14,000 or 15,000 cases last year and the parties made claim for damages only on about 25 cans.

Mr. GRIGGS. Can you grow the large olive?

Mr. JOHNSON. We can if we get a chance.

Mr. GRIGGS. Who is to give you the chance?

Mr. JOHNSON. We can when we get the trees growing. We have 6,000 acres now maturing. We have olives in California now as large or larger than any other olives found in New York or Chicago.

Mr. GRIGGS. Your peaches come in competition with our peaches from Georgia, and you sell yours cheaper than we do.

Mr. JOHNSON. I do not know, but maybe yours is a better peach.

Mr. GRIGGS. Of course they are; we all understand that.

Mr. JOHNSON. In California we are not after the large olive. We are after the olive tree that will produce the most fruit; after the olive tree that will prove to be a prolific bearer. In other words, we want the olive that will yield most to the tree.

Mr. GRIGGS. Is not cotton-seed oil used in the making of soap?

Mr. JOHNSON. I said I thought it was.

Mr. GRIGGS. Is olive oil used for that purpose?

Mr. JOHNSON. It is used for edible purposes in the way of making salads and in cooking.

Mr. GRIGGS. Don't you think that the man who wants it for the purpose of making salad ought to pay for it?

Mr. JOHNSON. Yes, sir. I do not know that we are asking you to increase or decrease the revenue one particle.

Mr. POU. What increase in the tariff are you asking?

Mr. JOHNSON. We are asking 35 cents per gallon increase on olive oil.

Mr. POU. We pay 75 cents a quart for it now.

Mr. JOHNSON. If you reduce the tariff, the price will not go down and you will have to pay as much.

Mr. POU. Is not the price now about \$3 per gallon?

Mr. JOHNSON. It is about \$3 per gallon to the consumer.

Mr. GRIGGS. You buy in the larger packages?

Mr. JOHNSON. We sell in bottles and tins.

Mr. GRIGGS. In Georgia we make good olive oil out of cotton seed, but we do not eat it.

The CHAIRMAN. A question was asked about the denaturing of olive oil, and I find that it can be denatured, and it is denatured in

France, from whence it is imported for manufacturing purposes. I wanted to get that in the record in answer to the argument made.

Mr. JOHNSON. I stated it could be denatured.

ATWOOD & STEELE COMPANY, OF CHICAGO, ILL., ASKS FOR A REDUCTION IN THE DUTY ON IMPORTED OLIVES.

CHICAGO, *December 2, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee Ways and Means,

Washington, D. C.

DEAR SIR: As one of the signers of the petitions of the olive importers of the United States to your honorable body requesting a reduction in the duty on imported olives from 15 cents per gallon to 10 cents per gallon, and earnestly protesting against the increase in duty from 15 cents per gallon (as it is at present) to 25 cents per gallon, as has been advocated by a certain committee representing certain California olive growers, we would urge the following reasons (appearing to us as unanswerable) in support of our contention for the reduction of the duty to 10 cents per gallon, as specified above:

We would represent, in the first place, that we are patriotic citizens of this great country and thoroughly believe in the principle of protecting our country's products and industries, and if it were possible to do so we would gladly use the olives produced by our California friends in preference to those produced outside of our country and would exert our influence in fostering their production. But the fact is that we have repeatedly tried to use the California olives—both green and ripe—for bottling and have found it absolutely impossible (even when using our best efforts—the result of many years' experience) to so bottle them as to preserve them, except for a very short time, and in a barrel or keg they keep a still shorter time and very soon emit the most abominable and penetrating odor; while, on the other hand, for many years we have packed and shipped Spanish olives to all parts of the United States (including California) and have done a successful and constantly increasing business, rendered possible by the fact that the fruit was the product of a soil which gave it such a quality and property that it could be cured so that when placed in barrels and bottles it would keep for a long time.

We say Spanish olives, because really the olives produced within a radius of a few miles of Seville, Spain, are the only ones which are imported to any extent worth mentioning, and which are practically the only ones which the olive importers of this country handle.

From the foregoing we make the following deduction, viz, that there is really no competition between the California olive and the imported olive, and that if there were no California olives at all raised there would be no increase in the consumption of Spanish olives; and vice versa, if there were no olives imported there would be no increase in the consumption of California olives, because they are two distinct things; so that any duty on the imported olive must be for purposes of revenue and not for protection; and therefore if we can show that a reduction in the rate of duty would probably result in increased revenue, it would certainly be the inclination and

duty of your honorable committee to recommend such a reduction; and we really believe that if our California friends thoroughly understood the situation they would agree with us in advocating the reduction.

The fact is that several years ago we bottled for the California Windermere ranch quite a number of barrels of their olives, which their representatives afterwards acknowledged was a thorough failure, as they would not keep.

Again, one of our present employees was several years ago doing a very successful business in bottling imported olives, but at the instigation of California friends he substituted their olives for the imported olives, with the result he lost all his business and was bankrupted.

Our experience along these lines has been radical and conclusive.

If the California olive could be used in place of the imported olive, why is it that, although there has been this year a practically complete failure of the Spanish olive crop, which we all use, resulting in an almost unprecedented advance in price (in many cases fully double), not a single olive packer has turned to the California olives, but has preferred and been compelled to pay the enormous prices asked abroad. This is a fact and is a complete answer to the claims of the California olive growers—that they can supply an olive which can be used for bottling.

The small size imported olive is the cheapest, as well as the most useful for food, and our experience shows that a reduction of 5 cents per gallon in the duty would enable us to considerably increase the size of the cheap package now so widely and commonly used, and this would greatly increase the quantity imported, and so result in increasing the revenues of this country, as well as being a blessing to a great number of our less wealthy citizens, and, of course, the reduction in duty would increase the consumption of the larger size as well; while an addition of 10 cents per gallon to the already high duty (thus nearly doubling the duty, and in the case of the cheap olives making an enormous percentage of increase in their cost) would render a cheap package of olives for the masses almost prohibitory and work a great hardship on all concerned, and most certainly considerably decrease the revenues of this country. And not only so, but the result aimed at by the increased duty could not possibly increase the consumption of the California olive, for reasons already urged.

It is true that there is an inconsiderable quantity of ripe California olives used in tins, but only a few, and as there are no ripe olives imported (only the green ones), there is no competition whatever in ripe olives, and therefore no need of protection.

Other reasons have been urged against the increase and in favor of the decrease in duty on imported olives, in all of which we heartily concur, and we sincerely trust that your honorable body may see the fallacy of the arguments put forth by the California raisers and agree to recommend the reduction to 10 cents per gallon, which we advocate, and you will have the sincere appreciation of

Yours, very truly,

JULIUS STEELE, *President*,
FOR ATWOOD & STEELE Co.,
Chicago.

CHICAGO, ILL., IMPORTERS, BOTTLERS, AND DISTRIBUTORS OF
GREEN-CURED OLIVES ASK FOR REDUCTION OF DUTY.CHICAGO, ILL., *December 1, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned, actively engaged in importing, bottling, and distributing Spanish green-cured olives in a wholesale way, indorse the statements made before your committee by the olive importer's committee, and respectfully urge a reduction in the present duty on olives in casks and barrels to 10 cents per gallon, for the following reasons:

Because of the importance of the Spanish olive selling industry, which has amounted to about 1,600,000 gallons per year for the last ten years.

Because the present rate of 15 cents per gallon is excessive on small sizes and prevents the larger development of the business.

Because the reduction asked for would largely increase the consumption and afford a greater annual revenue to the Government.

Because this industry now employs many thousands of persons in the handling and preparing of olives at good wages, and in furnishing the American-made supplies which go to make up the finished product, and thereby engages a large amount of capital.

We object to the increase in the rate of duty asked for by the few producers of California olives:

Because it is a different class of olive, not suited to the requirements of this trade, can not be successfully bottled when green cured, is not uniform in color, and of infinitesimal quantity, and therefore noncompetitive.

Because such a duty would seriously diminish the quantity of Spanish olives imported. This would operate to greatly reduce the revenue of the Government without benefiting in the least the California olive industry.

Reid, Murdock & Co. (by Wm. F. Bode), Chicago, Ill., wholesale grocers and manufacturers; Atwood & Steele Co. (by Julius Steele, president), Chicago, Ill., importers and packers of olives, etc.; Franklin MacVeagh & Co. (by H. R. Eagle), Chicago, Ill., wholesale grocers and manufacturers; Sprague-Warner Co. (by C. H. Bolster), Chicago, Ill., wholesale grocers and manufacturers; Glaser, Kohn & Co. (by G. A. Glaser, president), Chicago, Ill., importers and packers of olives.

Communications similar in purport to the above were received from the following: R. C. Chance's Sons, 122 Pine street, Philadelphia, Pa.; Glaser, Kohn & Co., West Washington and Union streets, Chicago, Ill.; Sprague, Warner & Co., Chicago, Ill.; Otis Shepard & Co., Pittsburg, Pa.

**GITHENS, REXSAMER & CO., IMPORTERS, PHILADELPHIA, ASK
REDUCTION IN DUTY ON OLIVES AND OLIVE OIL.**

PHILADELPHIA, *December 1, 1908.*

HON. S. E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: The object of writing is to call your attention to the duty on olive oil. As we understand it in the revision of the tariff it is proposed to advance the duty on olive oil from 50 cents per gallon to 80 cents per gallon. We should like to enter our protest against this on the grounds that olive oil is now becoming very largely used in most every family, not only for table purposes, but medicinal, and in that way the quantity consumed is very great, and a great many times greater than we can ever produce in this country, and as the burden of this taxation would fall on the masses, we therefore enter our protest, as we know the object of the tariff is not to place a burden or a tax on the masses. This being used for medicinal purposes as well as table it enters into most every household.

We would also like to see the duty on olives reduced to 10 cents per gallon instead of 15 cents per gallon as it is now, as we feel that the reduced tariff would cause the masses to use many more olives, as it is an article that can be sold in large quantity and to the consuming population, which is the working people, if they can be retailed at a popular price, and with a duty of 10 cents per gallon on the small Manzanilla olives it puts it in a range so that they can be retailed at a popular price.

Very truly, yours,

GITHENS, REXSAMER & Co.

Letters similar in purport to the above were received from the following: Smith, Kline & French Company, Canal and Poplar streets, Philadelphia, Pa.; Dodson-Braun Branch, National Pickle and Canning Company, St. Louis, Mo.; Alart & McGuire, 66 Madison street, New York City; Francis H. Leggett & Co., 132 King street, New York City; The Lippincott Company, Cincinnati, Ohio; Austin, Nichols & Co., New York City; Philadelphia Pickling Company, 260 South Second street, Philadelphia, Pa.; The William Edwards Company, 1430 Ninth street northwest, Cleveland, Ohio.; Reid, Murdoch & Co., Lake and Market streets, Chicago, Ill.

**R. C. WILLIAMS & CO., NEW YORK CITY, THINK DUTIES SHOULD
BE REDUCED ON OLIVES AND OLIVE OIL.**

NEW YORK, *December 10, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: Our attention has been called to the request of the California olive and olive-oil interests before the Ways and Means Committee for an increase in the duty on olives and olive oil.

We want to most emphatically protest against any such increase on the grounds that, in the first place, California and Spanish olives are an entirely dissimilar product, not comparable in flavor, color, keep-

ing quality, or demand; and, in the second, the present production of California olives and oil would satisfy such an infinitesimal portion of the demand for these goods in this country, even were they acceptable to consumers as a substitute, that it would be a serious imposition on millions of consumers for the protection of a product the output of which, according to all information obtainable, can not even begin to cope with the demand, and which in the case of the olives is a product of different flavor, and in the case of the oil, of too high quality for the ordinary large commercial purposes.

Seventy-five per cent of the Spanish olives imported here reach the consumer in bottles, being imported in bulk and repacked here.

This is in itself a large industry scattered over the country, and should be considered as offsetting in part the California growing or packing interest, than which it is no doubt many times greater.

Further, we respectfully petition your committee for a reduction of 5 cents per gallon in the tariff on olives, especially on the cheaper or Manzanilla grade, on which a duty of 15 cents per gallon represents a tax of 50 per cent on its invoice cost. This is considerably higher than many food products which could be named.

We would ask for a reduction in the tariff on olive oil in 5-gallon tins and larger packages of 20 cents per gallon, making the duty 20 cents instead of 40 cents. Oil imported in these size packages is all repacked here into smaller tins or glass, thus using large quantities of American-made tins, glass, labels, to say nothing of the labor involved.

A duty of 20 cents per gallon is ample protection for California oil, which, owing to its high price and grade, does not compete with the cheaper and largely used imported oils which this proposed reduction would most affect. These grades are largely used by many of the poorer classes of our citizens, with many forming one of their chief articles of food.

California oil is entirely different in nature and flavor. It has never been a factor in the oil trade of the country, not because of its price so much as because of its general nature.

Respectfully submitted.

R. C. WILLIAMS & Co.,
F. H. OLSON.

**THE AMERICAN OLIVE COMPANY, LOS ANGELES, CAL., URGES
THAT THERE BE NO REDUCTION OF DUTY ON OLIVES.**

LOS ANGELES, *December 18, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: On Friday, December 11, there appeared before your honorable body, either by letter or in person, petitioners representing Chicago, Philadelphia, and New York importers of olives, all asking for a reduction in the tariff on olive oil and olives.

Mr. Julius Steele, president of Atwood & Steele Company, Chicago, states in his letter of December 2 to you:

But the fact is that we have repeatedly tried to use California olives—both green and ripe—for bottling and have found it absolutely impossible (even when using our best

efforts, the result of many years' experience) to so bottle them as to preserve them, except for a very short time, and that they emit the most abominable and penetrating odor.

They make the following deduction, that there is really no competition between the California olive and the imported olive, and that if there were no California olives at all raised there would be no increase in the consumption of Spanish olives; and if there were no olives imported there would be no increase in the consumption of California olives.

He further states that there are no ripe olives imported.

Under date of December 1, in a letter signed "Reid, Murdoch & Co., by W. F. Bode," addressed to you, they say:

We object to the increase in the rate of duty asked for by the few producers of California olives—

Because they can not be successfully bottled when green cured, are not uniform in color, and of infinitesimal quantity, and therefore noncompetitive.

In a letter of December 1, signed by Githens, Rexsamer & Co., of Philadelphia, addressed to you, they also ask to see a reduction of 5 cents a gallon in the duty on olives.

We, the growers and manufacturers of olives and olive oil in California, wish to call your attention to what this 5 cents a gallon reduction in the duty on olives really means to the grower in California.

The grower to-day is being paid an average of \$31.23 per ton. There are in a ton of olives 350 gallons, of which 300 gallons are commonly termed "edible" or "pickling" olives. At 5 cents a gallon this would mean a reduction in tariff of \$15 a ton. The 5 cents a gallon which they ask for will throw the California grower out of business, as the importer knows that there are now being planted at the rate of 500 to 1,000 acres of olives a year in this State, and that it is now only a question of a very short time, with proper protection, before California will be a factor in the olive business and that it will take business away from the importers, as the California manufacturer is selling his goods direct either to the jobber or to the retailer; in other words, coming as close to the consumer as it is possible to do.

The 5 cents a gallon reduction which they ask for would not in any way benefit the consumer, as they pack their olives mostly in what are called 8's and 16's. That is 8 bottles to the gallon or 16 bottles to the gallon. If 8 bottles to the gallon, it means less than 1 cent per bottle, and if 16 to the gallon it means less than one-third of a cent to the bottle for the consumer, while the reduction to the grower in California means, by absolute figures, \$15 per ton, or nearly one-half of what he is now getting for his crop.

They further state that California olives can not be packed so as to keep. Every packer in the State of California gives an absolute guaranty that their olives will keep in good merchantable condition one year from date of shipment. Some packers have kept them in bottles and in cans from three to five years without any harm to the olive whatever.

They claim that the California industry is not growing. Five years ago there was not one case of California olives shipped East, either green or ripe. Last year there were shipped 30,000 cases. This year it is safe to estimate, although there is a short crop in this State, that the manufacturers will ship not less than 35,000 cases.

There is soil in California, with proper protection to the olive industry, that will produce as good fruit as any that was ever imported, soil that is not useful for any other purpose and which could not be made to raise oranges, lemons, or any deciduous or citrus fruits. I speak of our hilly country where it is impossible to irrigate to any great extent, but which is ideal olive land.

We think an investigation of the olive conditions in California and a careful study of the reason of those who oppose us will show you that our contentions are pretty nearly facts.

Yours, truly,

OLIVE GROWERS AND MANUFACTURERS
OF THE STATE OF CALIFORNIA,

Represented by W. O. JOHNSON.

THE CHARLES BOLDT COMPANY, OF CHICAGO, ILL., WISHES THE
DUTY REDUCED ON IMPORTED SPANISH OLIVES.

NO. 22 FIFTH AVENUE,
Chicago, Ill., January 4, 1909.

HON. SERENO E. PAYNE,

Chairman of Ways and Means Committee,

Washington, D. C.

DEAR SIR: AS one of the prominent glass manufacturers of this country and also as one largely engaged in the manufacture of olive jars, labels, crates, packing, etc., we are naturally keenly interested in the present controversy between the California Olive Growers' Association and the Olive Importers' Association, the former body favoring an increase and the latter a decrease in the present duty on imported olives.

We see nothing whatever in justification of an increase in the existing duty. Everything in reason forcibly points in a contrary direction.

In substantiation of this we offer a few pithy facts, as follows: The Queen olives imported from Seville, Spain, as compared with the domestic olives grown in California are, intrinsically, noncompetitive.

It has been conclusively proven the California olive is ill suited for packing in glass jars. When put up in this way it is nonmerchantable in face of present-day requirements. Hence its noncompetitive-ness for discriminating tastes.

The present high duty of 15 cents per gallon on small olives places this article entirely beyond the reach of the middle and humbler classes of American citizens, who constitute the vast majority.

A reduction of $33\frac{1}{3}$ per cent on the present duty would, we believe, vastly increase the sales of imported Spanish olives and, speaking conservatively, would have the following all-around beneficial results: The annual importation would doubtless be increased from the present average of 1,600,000 gallons to about 4,000,000 gallons on a duty basis of 10 cents per gallon, instead of 15 cents. This would insure our National Government an income from duty on this article of \$400,000 instead of the present yearly average of \$240,000. It would also insure the manufacturers of glass, cases, labels, corrugated paper, etc., an annual business of \$3,000,000 instead of the present volume of a little less than \$1,250,000. There would be a proportionate increase

all around in the way of salaries, wages, profits, etc., incidental with the healthy development of this artery of trade, thus benefiting the many without injuring anyone.

No one would be slower than we to oppose any domestic industry if there was any possible chance of its development or success, but an experience of ten years does not show any likelihood of bringing this about.

We are, therefore, in favor of a reduction on imported olives as above outlined, and we respectfully request you to use your efforts in effecting this.

Yours, very truly,

THE CHARLES BOLDT COMPANY,
Per Wm. P. CARROLL.

THE HOLBROOK-MARSHALL COMPANY, NASHUA, N. H., THINKS
THE DUTY ON SPANISH OLIVES IS EXCESSIVE.

NASHUA, N. H., *January 4, 1909.*

HON. SERENO E. PAYNE,

Chairman of Ways and Means Committee,

Washington, D. C.

DEAR SIR: We desire to call to your attention the fact that it is our opinion that the present duty on Spanish olives is considerably more than is justified, even when protection of American interests is taken into consideration. The writer personally knows from investigation made in European countries that there is a large amount of foreign-grown olives of small size, but which are perfectly edible and of considerable commercial value, which, however, owing to the prohibitive duty of 15 cents per gallon, are shut out from exportation to America.

These olives on, say, a reduced duty of 10 cents could be used to considerable advantage by the bottlers in America and still not compete in any way with the native product from California. You are doubtless aware these olives are brought into this country in bulk and packed in bottles on this side, thereby furnishing a large amount of employment for American labor as well as the use of American products, such as glass and shipping cases.

We feel that in the long run the Government will secure more revenue in dollars by reducing the duty 5 cents a gallon, as a lower rate of duty would permit and encourage a marked increase in the amount of olives imported into this country.

We trust that we may soon hear that the duty has been reduced, as we feel sure that such an action would be strictly in accordance with the progressive ideas of the Republican party, which is, as we understand it, to reduce duties wherever such action would not interfere with American interests; and in this case we feel confident that the final amount of revenue on the reduced rate of duty would exceed that which is now collected.

Yours, truly,

THE HOLBROOK-MARSHALL COMPANY,
*Wholesale Grocers, Coffee Roasters,
Flour and Seed Dealers.*

WIELAND BROTHERS, SAN FRANCISCO, CAL., RECOMMEND A REDUCTION IN THE DUTY ON GREEN-CURED OLIVES.

311-313-315 DAVIS STREET,
San Francisco, December 30, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: As Californians first and all the time, and, secondly, as dealers in California olives and olive oil and importers of olives and olive oil, we beg to submit to your honorable body the following:

(1) The present rate of duty of 15 cents per gallon on green-cured olives is excessive and should be lowered to 10 cents per gallon, in order to increase the consumption of such olives, that the revenue to the Government will be thereby increased.

(2) The lowering of the rate of duty to 10 cents per gallon will in no way be detrimental to the interests of the California olive growers, because the California olives are not adapted to the green-curing process, as our experience in handling them during the last ten years has taught us.

(3) California olives grown in certain parts of the State are admirably adapted to the making of olive oil, which is equal to the very best of imported olive oil if proper care is taken in assorting the olives, and if the maker is thoroughly conversant with the pressing and filtering of the oil. Unfortunately, in many cases the olives are not assorted at all, the maker is not thoroughly familiar with the pressing, and, on top of this, uses unclean vessels and apparatus, with the result that bad, rancid oil is thrown on the market. That class of people, of course, are clamoring for a higher rate of duty on olive oil, but we are positive that the conscientious manufacturer, who understands his business thoroughly, considers the present rate of duty of 50 cents per gallon amply sufficient to protect him against foreign competition.

(4) Certain sections of this State planted with olive trees are apparently not at all adapted for that purpose, and the result is that the olives grown on these trees are not fit for human consumption, but are nevertheless green cured and thrown upon our market to be sold at any price they will fetch. As an instance, we cite the fact that last season we could have bought such fruit from 10 to 15 cents per gallon.

(5) The California ripe olives, which are now extensively sold in tins, do in no way come in competition with the imported green-cured olives, as they are entirely distinct in flavor and appearance. The canning of these California ripe olives is of a very recent date. Up to two years ago they were brought to the market in barrels, half barrels, and kegs in brine, but the losses to curers and handlers through spoilage (they become stinking like rotten eggs) was so great that this mode of packing and marketing had to be abandoned. It demonstrated to curers and dealers alike that California ripe olives in brine will not keep. By canning them, whereby we believe they are steamed, they keep very well, and we believe will have a great future.

Yours, very respectfully,

WIELAND BROS.

H. P. STONE COMPANY, SPRINGFIELD, MASS., THINKS A REDUCTION OF TARIFF ON SPANISH OLIVES ADVISABLE.

55 TO 63 LYMAN STREET,
Springfield, Mass., December 29, 1908.

HON. SAMUEL W. MCCALL, M. C.,
1824 Massachusetts Avenue, Washington, D. C.

DEAR SIR: The writer is personally interested in the reduction of the duty on a number of articles which have been quite prominently mentioned before your committee in the attempt to revise the tariff, but more recently his attention has been called especially to the matter of olives. We have had considerable experience in handling the Spanish product, and have also attempted to handle the California product. Would state that we do not consider that they are to be classed together, they being an entirely different species of the plum and not interfering with each other as regards sale or consumption, Spanish olives standing in a class by themselves.

We would respectfully state that in our opinion, based on years of experience in the sale of olives, that wherever a reasonable size package of small olives can be put into the hands of the so-called "laboring classes" at a maximum price of 10 cents they will go rapidly into consumption. Whenever the price is raised on this article or the quantity is cut down to a small measure, owing to one cause or another, the sale almost immediately ceases. In order to keep this article before the consuming public at a reasonable price for a reasonable quantity, we are obliged to reduce all items of expense, and we are under the impression that the reduction of the tariff will materially aid to this end, as on a percentage basis at present it is a very large percentage of the initial cost.

We hope your committee will give this matter their careful attention and reduce the duty as is advised—that is, to 10 per cent ad valorem.

Respectfully,

THE H. P. STONE CO.

THE OLIVE IMPORTERS' COMMITTEE, CHICAGO, ILL., SUBMITS ADDITIONAL STATEMENT IN OPPOSITION TO AN INCREASE OF THE DUTY ON SPANISH OLIVES.

CHICAGO, December 29, 1908.

HON. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: Referring to the tariff on edible olives, the olive importers of the United States beg to submit their final brief.

For your convenience we have condensed the facts, as follows:

Value of Spanish olives annually imported, freight paid.....	\$760,000
Duty thereon.....	240,000
Value of American-made bottles, cases, labels, etc., annually used in the finished product.....	1,200,000
Salaries and paid wages per annum to American citizens.....	500,000
Profit of the industry.....	300,000
Total of the industry in Spanish olives.....	3,000,000

Above figures show the imported Spanish-grown olive is the raw material used in the American industry of bottling olives.

This raw material can not be furnished by California under any circumstances, the California olive being unsuitable for bottling, and no amount of injury to the American industry of olive bottling through higher duty will change the California olive or make it more suitable.

In the name of protection to an American industry we submit the duty on Spanish olives should be reduced from 15 to 10 cents per gallon, these olives being a foreign raw material not produced here and necessary to the home industry:

Average quantity annually imported during ten years-----	gallons--	1, 600, 000
Approximate quantity imported campaign 1907-8-----	do-----	2, 750, 000
Average annual revenue to the United States at 15 cents per gallon--		\$240, 000
Estimated annual importations under a tariff of 10 cents per gallon,		
gallons-----		4, 000, 000
Estimated revenue to the Government at 10 cents per gallon-----		\$400, 000
Quantity California so-called "green-cured olives" produceable under		
present acreage -----	gallons--	30, 000
Revenue to the Government-----		None.

We presume to correct some errors in the brief filed by the California producers, and to indicate some errors in their statement made before your committee. These corrections of errors are made with due respect to the rights of those producers, with whom we have no quarrel, to substantiate our claim that the Spanish olive is a noncompetitive product.

From investigations completed since the filing of our original brief we have substantiated the statement which we made before your committee, to the effect that California green olives have never been successfully cured. Despite the statement to the contrary, it is not possible to keep these goods, even in the State of California. They are sold practically during the curing period only, which lasts about four months, and even in California are very little used. Note extracts herewith from a letter written by a handler of olives in San Francisco, under date of December 2, 1908, the original of which we will be glad to file with your committee if required:

We have given the olive industry in this State quite a lot of time and attention, besides serious study, to learn why our olives and olive oil lack the requisite qualities to make them equal to the foreign product. Our conclusion is that the soil and climate are mostly to blame, while lack of technique in manufacture, plus painstaking effort with cheap labor, are contributory causes.

The bulk of the olives grown and pickled in this State are known as "Mission." These are excellent olives for pickling ripe, as they are of good size and taste better than the other varieties. They also yield a much larger percentage of oil, bear more profusely, and seem better to endure the varying climatic conditions found in this State than the others. Pickled green, they are a rank failure and about as palatable as a mouthful of straw on which salt has been sprinkled.

The bulk of the olives pickled green are "Missions," and the reason they are pickled green instead of ripe is that in some localities the frost invariably comes before they are ripe. As the frost ruptures the oil cells, they will shrivel in the process of curing. Hence, to head off the otherwise total loss, they are picked before they are ripe and pickled green.

The Spanish olives possess the requisite taste and flavor, and are therefore demanded in preference to the olives produced in other parts of the world. In other words, Spain produces and cures an olive that is superior to that produced in any country in the world, and the best that can be said of the domestic product is that it is a mighty poor imitation when pickled green.

We handle, wholesale, both the domestic and the Spanish olive. We sell 90 per cent more of Spanish than California green olives. We find it difficult to dispose of California green olives, in California or elsewhere, at one-third of the price we obtain for the same size fruit which we import from Spain.

We bottle a large amount of green olives, but all of the Spanish varieties, as the California olive will not keep without the use of preservatives. We have repeatedly tried to create a demand for the latter in bottles, as we can buy them practically at our own price. They are of poor taste, worse appearance, and our inability to guarantee their keeping qualities has made our efforts in this direction a failure.

In San Francisco no first-class grocer, delicatessen, restaurant, or hotel buys them, but all purchase Spanish olives.

In our opinion, the proposed increase of duty on Spanish olives would not be of any benefit to the California producers if the object is to stimulate a demand for this product. A higher duty would tend to decrease the importation of Spanish olives and without increasing the consumption of the domestic olive. A reduction of the duty would undoubtedly increase the consumption of imported olives without affecting the normal demand for California olives.

We also find from the custom-house records of San Francisco that the average yearly importation of Spanish olives into San Francisco in the past three years has been about 85,000 gallons of green-cured olives. In addition to this there has been purchased from eastern importers an average of about 25,000 gallons in original packages. While it is practically impossible to get accurate statistics on the subject, it is safe to say that at least 50,000 gallons of Spanish olives in bottles are sold in the State of California by eastern bottlers every year. If the production of California green olives was of sufficient volume, or if the goods were of satisfactory quality, or if the California olive was enough similar to the Spanish olive to be a competitive product, it would seem that this large consumption of Spanish olives in California would not go on. In view of the fact that California olives, both green and ripe, are sold in California for less than the Spanish olives, it must be apparent that the Spanish olives sell because of some virtue they possess that is not present in the California product.

We wish to reiterate our previous statement that Spanish olives are a noncompetitive product, and that as such the Government will receive a larger revenue by reducing the tariff and encouraging the importation of these goods.

Aside from this, there is an American industry employing thousands of American people, contributing directly in wages the sum annually of about \$500,000 and indirectly to the producers of American-made materials which are used a sum probably equal to \$250,000. We claim that an industry contributing three-quarters of a million dollars annually in wages is entitled to encouragement, and that this encouragement can be given by reducing the duty on the raw material, and in this way, by stimulating the consumption of the goods, increasing the number of people employed and the volume of material used.

In substantiation of our statement that the annual revenue would be materially increased with the assistance of a reduction of 5 cents per gallon in the duty, we submit that there are two standard varieties of green-cured olives exported from Spain. Of the queen or large-size olive, practically the entire production is consumed in the United States. Of the Manzanilla or small olive, less than 10 per cent of the production comes to this country. With the incentive of a reduction in the duty, it is certain that the consumption of this variety will be increased many times.

The present medium of distribution for the greater part of the olives imported is glass bottles. While this package has the advantage of showing off the goods, it is also a very expensive method of

packing the goods. With a reduced cost, it would be possible to distribute olives in wooden packages containing 5 gallons and more in a very much larger way than at present. The fruit would be retailed to the consumer by the grocer in 5 and 10 cent lots in the same way as that employed in selling similar condiments at the present time. The 5 cents per gallon reduction asked for would represent the average profit to the importer on the variety of olives of which the sales would be most increased.

In order that there may be no confusion as to the class of California olives we refer to as being unmerchantable, because of inherent defects, we would call the attention of your committee to the fact that California olives are of two kinds: (1) Those which are allowed to fully develop and ripen on the trees, and which are pickled and called "ripe olives," and which vary in color from light purple to black. These are the olives which are produced in the largest quantity and which are at present sold as California olives, and they are entirely different from the Spanish product, as we have outlined in our previous brief. This class of olive is merchantable. (2) The California green olive is an olive which is picked before it ripens, and is not cultivated to be pickled green, but is simply pickled in this condition because in some localities the frost comes before the fruit is ripe, and as frost ruptures the oil cells and causes the fruit to become shriveled in the process of curing, it is necessary, in order that the fruit be not entirely lost, that it be picked from the tree early and pickled green, and they are sold locally for immediate consumption. They will not keep, and consequently are not salable in a general way.

In view of the important interests represented in capital and the number of people employed, this committee most respectfully begs that the phraseology of the pending bill, as far as it refers to olives, read as follows:

Olives, green or prepared, in bottles, jars, or similar packages, 25 cents per gallon; in casks or otherwise than in bottles, jars, or similar packages, 10 cents per gallon.

Very respectfully,

H. C. NEWCOMB, *Chairman,*
302 Walnut St., Philadelphia.

J. MAGEE,

WM. F. BODE,
The Olive Importers' Committee.

HON. JOSEPH V. GRAFF, M. C., SUBMITS LETTER OF JAMES MCCOY
& CO., PEORIA, ILL., RELATIVE TO OLIVES.

PEORIA, ILL., January 4, 1909.

HON. JOS. V. GRAFF, M. C.,
Washington, D. C.

DEAR SIR: We are interested in seeing the duty on olives reduced, and hope you can see your way clear to use your influence to this end.

Our experience, which is confined almost wholly to bottle goods, leads us to believe that a reduction in the duty would lead to a largely increased consumption of olives, especially of the smaller sizes.

When olives are cheap and the consumer can secure a large package at a reasonable price, they go into consumption very readily. A reduction in the size of the package or an advance in price is almost immediately reflected in the decreased consumption.

It is our opinion that a reduction of the duty would be as quickly followed by such an increased consumption that the revenue derived from this item would show an increase.

We have no hesitancy in affirming that the imported olive does not in any sense compete with the California product. They are distinctly different articles, and the consumption of one is in no wise affected by the price of the other.

It is because we believe that a reduction in the duty would materially benefit all the American industries engaged in the packing and distributing of imported olives, that this would be accomplished without injuring the California producer, and that a reduction in the duty would materially increase the revenue to the Government that we earnestly request you to give your support to this tariff change.

Very truly, yours,

LESTER MCCOY,
JAMES MCCOY CO.,
Wholesale Grocers.

PITTED AND STUFFED OLIVES.

[Paragraph 264.]

ADOLPH LANKERING, OF HOBOKEN, N. J., ASKS AN INCREASE OF FIFTEEN PER CENT IN THE DUTY ON STUFFED OLIVES.

HOBOKEN, N. J., *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: As you have the proposed revision of the present tariff under consideration, at the request of a delegation of citizens of this State I respectfully direct your attention to the fact that the importation of pitted olives and stuffed olives exceeds half a million gallons a year.

Pitted olives and stuffed olives should be looked upon as a manufactured article, as the pitting and stuffing of olives gives employment to several thousand persons the whole year around. At present this work is done in Spain by cheap labor, and the people in this country are excluded from competition, because at our rate of wages the gallon of pitted and stuffed olives would cost about 15 per cent more than the imported article. There is no specific duty on pitted and stuffed olives now, and a discrimination between the plain and the prepared olive should be made.

If the committee on tariff revision could be induced to levy an extra duty of 15 per cent ad valorem on pitted and stuffed olives, the work referred to would be done in this country and prove a great benefit to our laboring population.

Some years ago the work of pitting and stuffing olives was done at our olive-packing houses, but gradually dropped off on account of the cheap labor in Spain.

At the last election the people, by an overwhelming majority, gave expression in favor of a protective tariff, and therefore, in behalf of my friends, I appeal to you to recommend the desired additional 15 per cent ad valorem duty on pitted and stuffed olives as being in accord with the commercial policy of the political party in power and indorsed by the people on November 4 last.

The people have absolute confidence in your sincere efforts to protect their interest, and I assure you, if you should be successful in securing the protection asked for by above appeal, the people interested will give evidence of their gratitude at the proper time.

I have also petitioned our Representative, the Hon. James A. Hamill, who, no doubt, will join our pleading to increase the duty on pitted and stuffed olives.

Hoping that you will kindly consider our just claim and, if you should deem it necessary, extend to us the opportunity to offer further and absolute evidence of the extensiveness of the commercial interest referred to, I remain,

Most respectfully, yours,

A. LANKERING.

OLIVE OIL, OLIVES, AND CHEESE.

[Paragraphs 40, 237, and 264.]

GREEK MERCHANTS OF THE UNITED STATES ASK CONSIDERATION FOR CERTAIN FOOD PRODUCTS.

NEW YORK CITY, *December 21, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

We, the undersigned, Greek merchants, resident and doing business in the United States, beg to submit herewith a memorial to your honorable Committee of Ways and Means relative to certain Greek products, and respectfully request that the same may have your just consideration.

In prefacing this we beg to say that the Greek people in the United States number between 250,000 and 300,000. They are hard working, industrious; many of them are American citizens, but they are by no means a people of means in this country, and the cost of food products is vital to their welfare. We therefore respectfully protest against certain duties that exist on Greek products, which are almost exclusively consumed by the poor laboring classes (among whom are Greeks, Italians, and the Jewish people) of this country, and which can not be said justly to compete with any similar product grown in this market in any way whatsoever, and we beg that some amelioration of these conditions shall be made in order that the expense of living of these peoples shall come within a reasonable limit.

Black olives in casks.—Under Schedule G, paragraph 264, olives in casks are made dutiable at 15 cents per gallon, which is equivalent to

1½ to 2 cents per pound. No distinguishing provision is made between black olives and other olives. The black olive grown in Greece and imported into this market does not, directly or indirectly, compete with the olive grown in California, as it does not compete with the olives of France, Italy, or Spain. It is not a product consumed to any extent whatever as a luxury or a condiment by the American public. It is a real food of the poor which, owing to the way it is prepared, is very rich in nutritive substances, differing essentially from the green or the ripe olive. Anyone can realize what we say. The green or ripe olive of California is a condiment and competes only with the Spanish, French, and Italian olives. A removal of the duty on the Greek black olive will increase its consumption necessarily, but it will never injure the California olive trade. The people used to Greek olive as food will use this olive or none. We maintain, inasmuch as this olive does not compete with anything of its kind in this market, and since it is a food of the poorer laboring classes, that any duty levied on the same is a decided hardship and that it is a duty levied on a necessity and not on a luxury. We therefore pray that you may be disposed to permit entry of the black olive grown in Greece free of duty.

Greek olive oil.—Schedule A, paragraph 40, duty is now levied on all edible olive oils at 40 cents a gallon, except in bottles and small packages, where the duty is 50 cents. Greek olive oil, like the Greek olive, is consumed almost entirely by the foreign element in this market. It can not be put in the same class with the Lucca oils or French oils. It is not used by the American public. No discrimination has ever been made between this oil and higher grade oils. Like the olive, it is the food of the poor man. We respectfully request that a duty not exceeding 20 cents per gallon in casks be imposed on this edible oil imported from Greece and adjoining islands.

Machinery olive oil.—Free list, paragraph 626, olive oil unfit for eating purposes, free. We understand that through error or by design certain lots of olive oil have been entered free of duty, and afterwards said oil has been clarified and used for domestic purposes. We stamp our disapproval of this practice and would suggest that you make a ruling that all such oils coming from Greece and elsewhere under this heading, be mixed with a certain percentage of olive-seed oil, which, because of its taste, will make the oil absolutely unfit for domestic consumption and thereby protect the Government from fraud and protect the edible oil from unjust competition.

Cheese.—Schedule G, paragraph 237, cheese or substitutes therefor, duty 6 cents per pound. The Greek white cheese does not compete in any way whatsoever with cheese of American manufacture and can not be classed with high grade imported cheese of other varieties. It is consumed not at all by the American public, but entirely by foreign peoples. It is not a luxury, but a necessity. Like the black olive, it is the food of the poor man, both in his native country and in America, and any duty assessed on such a product is a hardship on the poor man here. We therefore appeal for a removal of this present duty on Greek cheese.

We have endeavored to state the facts briefly in order that we may not encroach unnecessarily upon your valuable time. We shall be pleased at your command to add any details you may desire or to appear in person before your honorable committee. We therefore

respectfully submit the above for your consideration, and we herewith subscribe to the same.

LeKoe & Drivas, 17 Roosevelt street, New York;
E. D. Papavasiliopulo, 3 Madison street, New York
City; N. D. Samanarey, 93 Roosevelt street, New
York; A. Lckak's & Co., 56 Roosevelt street, New
York City; J. P. Calogera, 34 N. Bowery, 32 Roose-
velt street, New York; C. H. Gatoy, 44-6 New Bow-
ery, New York City; John Alban, 134 W. Twenty-
eighth street, New York City; John Papadeas, 36
Oliver street, New York City; Theo. Economn, 18-20
Oak street, City; Varnavelias & Voulgarus, 123 Wash-
ington; Basil G. Maviris, 44 Oliver street, New York;
G. P. Papadopoulos & Co., 56 James street, New
York City.

GRAPES.

[Paragraph 265.]

STATEMENT SUBMITTED BY FRANCIS E. HAMILTON, NEW YORK CITY, IN BEHALF OF IMPORTERS OF ALMERIA GRAPES.

NEW YORK, *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Your petitioners, importers of Almeria grapes, respectfully request that paragraph 265 of the act of July 24, 1897, be omitted from the revised tariff now under consideration, and that grapes be placed upon the free list.

The reasons supporting this request are briefly as follows:

The grape industry of California requires no protection, as it now produces and markets nearly three times as many grapes as are imported, while the foreign grape industry has been so burdened by the existing duty that it is in danger of extinction.

The importations of the season just closed are quite decidedly less than for 1907, and the reports from Spain, where the grapes are grown, show that the producer has made no profit from his vineyards and is ready to give up the industry if the duty remains or is increased.

This country does not produce this quality of grapes although growers have endeavored to produce grapes of similar keeping qualities and have not succeeded, so if an excessive duty is placed on them the result will be they will arrive here from Spain in such limited quantities that they will be placed beyond the reach of the masses.

The question of revenue, never having amounted to \$300,000, is too small to be of moment in comparison with the rights and interest of the public and consumer, who should be permitted the use of this healthful fruit at the minimum cost.

The duty is not required as a protection to the home product and is only called for by the home producer in order that he may reap the benefit of the higher prices thus established.

The present consumption of grapes grown in California and Spain in the American market is about 55,000 tons, of which quantity during the present season California supplied 41,000 tons. This is no longer an infant industry requiring protection, as the home product is nearly three times as great as the quantity imported.

Almeria grapes do not compete with California or home-grown grapes, as the time of marketing and the quality of the grapes are separate and distinct.

California grapes market from September 1 until about November 15. Almeria grapes market from October 1 until about December 15, although the larger part of them are held by jobbers in storage and sold to the retailer and consumer from January 1 until April 1.

The California grape must be eaten within seventy-two hours after leaving the refrigerating car. It is not a fruit that will store or keep.

These conditions separate the fruits so that it can not be claimed in justice that the imported grape has any effect upon the price of the home product.

If the Almeria grape fails to be imported, however, the price of the California would as a natural consequence advance, since California is not yet producing a large enough quantity to supply the demand.

Under the present duty rate the Almeria grape can not be successfully imported.

This condition has developed within a very few years and for this reason: The cost of the production of the grape in Spain has nearly doubled in the past ten years, and the cost of the labor to produce it at present rates, far higher than even three years ago, together with the expense of packing, cartage, and freight, has entirely absorbed whatever of profit the trade formerly yielded.

It is an admitted condition among both the growers and importers of Almeria grapes that unless the duty is removed the business will continue but a short time, with the necessary result that the American market will be short of grapes and thus left entirely to the mercy of the home growers. To establish the fact of the present precarious condition of the trade we submit the following data:

Almeria grapes sell in the New York market at an average price per barrel, 45 pounds net, of about \$3.15.

The cost of production and transportation is substantially as follows:

	Barrel
Cost of picking, packing, and cartage to dock.....	\$0.285
Cost of package.....	.60
Cost of cork packing.....	.15
Cost of freight.....	.43
Duty per barrel.....	.39
Auction charges, commission, insurance, etc., New York.....	.30
Cost to produce in Almeria, taking labor only into account.....	1.10

Actual cost to grower.....	3.255
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It will readily be seen that if the above figures are correct it will not be long until the producer, whose fruit must pay all charges before it can return to him the actual expense for labor per barrel, \$1.10, which he has paid out during the year of growing, recognizes that his business is a losing one and gives it up.

This result would have taken place some years since if the grapes were grown by great organizations as in California, where mutual knowledge and mutual helpfulness aid the individual; but in Spain each small nurseryman works for himself, few have vineyards producing over 500 barrels of grapes annually, and as each man puts his own labor in, it is not until he finds his work actually going for nothing, his grapes crossing the sea, but no money coming back, that he realizes the conditions.

The past two years, however, have brought this serious question home to the grower, and as a result it may be positively stated that unless the duty is removed so that the producer in Spain can receive some returns for his crop Almeria grapes will disappear from the markets of the United States.

Further verified figures as to cost, both of labor and expense of growth, will be submitted to your honorable committee as soon as received from Spain.

In conclusion, we earnestly urge that the duty upon grapes be entirely removed, first, because such duty is not a revenue producer in any event; second, because it is no longer needed to protect the grape industry of the United States, which now produces three-fourths of all the grapes consumed in this market; third, because, if not removed, the imported grape trade will cease, the public be deprived of the fruit, and the price of the home product necessarily be advanced, to the detriment of the consumer.

Very respectfully,

Sgobel & Day, per H. W. Day; Argenin Carl Rainey, per L. C. Rainey; Simons, Shuttleworth & French Co., per W. M. French; Maynard & Child, per P. F. Love, Attorney; P. P. Manuel Orozco & Co.; Franco Gomez Cordero; P. P. Rafael Martinez; Diego O'Connor.

FRANCIS E. HAMILTON, FOR NEW YORK IMPORTERS OF ALMERIA GRAPES, SUBMITS SUPPLEMENTAL STATEMENT .

32 BROADWAY,
New York City, January 11, 1909.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We desire to call to your attention the resolution recently passed by the Western Fruit Jobbers' Association at their annual meeting at Minneapolis, Minn. In part the same ran as follows:

While fully concurring with the doctrine of legitimate protection of all American industries, and desiring that such tariffs may be established on citrus fruits, pineapples, figs, currants, grapes, nuts, etc., as shall foster and encourage the production of such commodities within the United States and shall secure to producers a liberal compensation, we are resolved that the tariff on the foregoing products is sufficiently high to offer protection and encouragement.

It must be remembered that this association includes within its membership men from the Atlantic and Pacific coasts, and as well from all the Middle West.

We also desire to submit a quotation from an address made at this convocation by Mr. Victor L. Zorn, the president of the New York Fruit Exchange, the largest and most influential body of its kind in the world, composed of men who deal in fruits of almost every description.

In part Mr. Zorn said:

Jealous, it would seem, of the pleasure which they afford the consumers and envious of the profit that you and other dealers make from the sale of them, the growers of California have fixed their rapacious eyes upon Almeria grapes. It is accounted as nothing that these grapes are grown nowhere else in the world than in Almeria, Spain; that they possess a distinctive quality and flavor peculiarly their own; and that they do not to any material extent compete with the California product, because most of them are sold to the consumers after the bulk of the California grapes have passed out of the market. It is enough that they furnish a source of modest revenue to brokers, jobbers, and other dealers, without providing any profit to the grape growers of California. The criminal traffic in these goods must be stopped. Therefore the agency of the Government of the United States is invoked to stop it. To this end it is asked that the duty be raised from 20 cents per cubic foot of capacity (equivalent to about 39 cents per barrel) to 2 cents per pound, the equivalent of approximately 80 cents per barrel.

During the season of 1908 the importation dropped to 500,000 barrels. Should the increase in duty asked for be granted, the effect would be to restrict the importations to a few thousand barrels of the best fruit. This limited quantity would undoubtedly sell at such high prices as to place the grapes beyond the reach of any but wealthy people. Dealers who can profitably handle several carloads, when 500,000 barrels are received during the season, would find it difficult to dispose of one carload, and many of them who ordinarily buy one carload could not profitably buy any. Moreover, to alter the form of the duty and make it a specific rate per pound instead of a specific rate per package would work needless and wholly unjustifiable hardship upon all concerned. Should this method of levying duty be adopted, it would necessitate weighing some agreed percentage of all invoices, and as the duty would be levied upon the grapes and not upon the cork dust in which they are packed it would be necessary to separate the grapes from the cork dust before weighing them. The effect of this treatment on an article so delicate as grapes must be patent even to the lay mind.

I am opposed to any increase in the tariff duty upon grapes and to any alteration in the method of levying the duty which comprehends the weighing of the contents of the packages. The present duty (equivalent to 39 cents per barrel) provides a reasonable revenue to the Government and affords to growers of domestic grapes as large a measure of protection as they can justly claim.

SGOBEL & DAY,
SIMMONS, SHUTTLEWORTH & FRENCH,
MAYNARD & CHILD,
Representing Grape Importers of New York,
Per FRANCIS E. HAMILTON, *Attorney,*
32 Broadway.

CITRUS FRUITS.

[Paragraph 266.]

STATEMENT OF A. F. CALL, OF CORONA, CAL., WHO URGES NECESSITY OF MAINTENANCE OF THE PRESENT DUTY ON ORANGES, LEMONS, LIMES, AND GRAPE FRUIT.

WEDNESDAY, *November 18, 1908.*

Mr. CALL. Mr. Chairman and gentlemen of the committee, the citrus-fruit producers of California greatly appreciate this opportunity of presenting to you the facts and figures concerning their industry.

Mr. UNDERWOOD. Please first state what they designate as citrus fruit.

Mr. CALL. Oranges, lemons, and grape fruit we call under the general term "citrus fruit." They all have the same protection—that is, 1 cent per pound.

I may say that our people feel profoundly grateful to the gentlemen on both sides of the House who eleven years ago gave to us our present protective tariff, and we account for our stewardship under this law by showing briefly to you that our industry has now reached such large proportions that it probably is of interest to all those who are interested in the upbuilding of our country and the development of our home industries.

We are now employing 25,000 employees in this industry, at higher wages than any other agricultural business. We are supporting, directly and indirectly, 200,000 people, who are the consumers of eastern products, manufactures and food products, for we do not produce our own food. We are consumers in the same sense that the employees of any manufacturing industry are consumers of farm products of other parts of the country.

We have increased the acreage planted in citrus fruit over 100,000 acres during the last eleven years. We have supplied to the people of this country 100,000,000 boxes of good fruit. We have paid to labor during the last eleven years \$100,000,000. We have paid to the railroads for transportation and refrigeration \$100,000,000, and after paying for our materials we have paid to the producers of this fruit on an average $4\frac{1}{2}$ per cent on their investment. Some years we have lost money and other years we have made money, but we have carefully compiled all the statistics which we have placed before you in printed form and from that we have to report that the average profit to the producer of citrus fruit is $4\frac{1}{2}$ per cent upon actual cost of the groves. This condition would not have been possible without the protection which Congress gave to us.

Mr. UNDERWOOD. Please repeat that statement.

Mr. CALL. We have taken an average of the returns to the producers and it shows, for a period of eleven years, an average of $4\frac{1}{2}$ per cent on the money actually invested in the business.

This business, although classified as an agricultural business, partakes very largely of a manufacturing enterprise, for it is very largely artificial. All that nature gave us was the climatic conditions and the foundation for the soil, and the citrus-fruit growers have made the rest.

In order to produce citrus fruit in quantity it is necessary, first, to invest millions of dollars in bringing the water for long distances. For instance, in my own colony, where I reside, we spent \$500,000 in bringing sufficient water to water 4,000 acres of ground. We have brought that water 40 miles in cement conduits. It cost us \$100,000 for a pumping plant, and we pump every drop of water. It costs us \$30 an acre for the water. What is true of this colony with regard to the expense of procuring water is true of a great many other colonies in California.

We next have a tree that we have to propagate in nurseries. We have to prepare the ground and set trees out with the greatest care, and we must take care of them for eight or ten years. Then each

year we have to prepare and cultivate our irrigation furrows nine or ten times a year for eight or ten years, and to miss any one means a great deterioration. That is, we have to devote a great deal of attention and care for eight or ten years, and by the time we get a grove to bearing it has cost an average of \$1,000 an acre. That was found by the Interstate Commerce Commission, after the long hearing, on what are known as the "citrus rate cases." After taking a great deal of testimony, they found it was a fact that the bare cost of a citrus grove after eight years was \$1,000 an acre. They also found that the present actual selling value was simply the cost, which shows that we have not had any too much protection.

Mr. UNDERWOOD. Did you arrive at that cost by taking the cost of the land, the planting of the trees, the cost of maintenance, and the interest charges from the time it was originally set out?

Mr. CALL. The actual cost of producing it as found by the commission happened to coincide with the selling market value.

Mr. UNDERWOOD. You did not fix the cost upon what it would produce?

Mr. CALL. Not upon what it would pay. That would depend largely upon the value of the citrus grove. Of course they vary. In some hands they are more profitable than in other hands. That is the average we have taken, and that is the average the commission took in arriving at the value. The cost of the land and trees and the care for eight years equals about \$1,000 an acre on an average, and the selling value of a grove is about the same, except where a residential advantage gives it some additional price, where it is close to a city or where it is close to some interurban line that may raise the commercial value of a grove.

Mr. UNDERWOOD. A thousand dollars an acre, that is in excess of the value of citrus groves in Florida?

Mr. CALL. I am not familiar with the conditions in Florida. In Florida they have some difficulties to contend against that we do not have in California. We have a little advantage, perhaps, in climate. They have a freeze down there that hurts them greatly. We never happen to have that freeze in California. They also have an insect pest that we do not have.

Mr. UNDERWOOD. They have an advantage over you in being more accessible to the market?

Mr. CALL. They are nearer and pay a little lower freight rate than we have to pay.

Mr. CLARK. After you get this grove to bearing it has cost you a thousand dollars an acre?

Mr. CALL. Yes, sir.

Mr. CLARK. What net income do you get from an acre after it begins to bear?

Mr. CALL. The average?

Mr. CLARK. Yes, sir.

Mr. CALL. Of course that will vary somewhat.

Mr. CLARK. Of course it will.

Mr. CALL. The average net income from a grove—we have prepared a table showing that for each year, and I have it here—the average net profit per acre is \$43.19. The gross income on the average is \$208, and the expenses amount to \$156.54 plus \$8.27 selling expense.

The CHAIRMAN. I would suggest to the committee that it will save time to let the party make his statement complete and then ask the questions afterwards. It may turn out that the questions will be answered before he gets through.

Mr. CLARK. I will accept that suggestion provided you cut off all the prefaces in the nature of the stump speeches.

The CHAIRMAN. This gentleman seems to be making an effort to furnish us with the facts.

Mr. CLARK. Yes; he does.

Mr. CALL. We are here to give you the facts.

The CHAIRMAN. Proceed with your statement and the members of the committee will question you afterwards.

Mr. CALL. We are of the opinion that at the present time the protection given us under the present schedule of 1 cent a pound on oranges is sufficient. We have been able to increase the industry materially. We have doubled the output in ten years. We have doubled the consumption. We have practically all the markets of this country, and importations have greatly diminished. We have fruit that is a little superior to foreign fruit, we think, and we have a little bit more. They can produce it, however, for a great deal less than we can, owing to the difference in the cost of labor. We pay \$1.75 to \$2.25 for labor in producing citrus fruit. You will gather from what I have already said that labor is a very large item in the production of citrus fruit, two-thirds of the cost perhaps. In Italy and Sicily labor ranges from 30 cents (a franc and a half) for common labor to 3 francs (60 cents) for skilled labor. That is a small proportion of what we pay. After paying the duty the foreign orange grower can lay down oranges in the markets of this country at 35 cents less than we can lay them down. That is, the seaboard markets.

Mr. NEEDHAM. Thirty-five cents a box?

Mr. CALL. Yes, sir; about 72 pounds. That is the railroad weight.

Mr. NEEDHAM. Can you give the freight-rate figures, etc.?

Mr. CALL. The freight rate from California to all points excepting the territory covered by the Southeastern Traffic Association, the southeastern part of this country, is 1 cent a pound on lemons and 1.15 cents on oranges. It makes a rate of about 84 cents a box of 72 pounds on oranges. We call that the "postage stamp" rate, because it is a uniform rate to all points in the Middle West and East.

Mr. FORDNEY. Where does that 84-cent rate take the oranges to?

Mr. CALL. To any point in the United States or Canada except the southeastern part of the United States. The freight rate on foreign fruit is 24 cents—that is, by boat from Italy and Sicily to the seaboard points of the United States. They have an advantage over us of 60 cents on transportation. That does not include the cost of refrigeration. We have to pay about 20 cents a box for refrigeration on about one-half of the product, making an average of 10 cents for refrigeration on top of the freight rate which I have given you. They do not have any deserts to cross. It is cool, and they do not need refrigeration on shipboard. Including refrigeration, they have an advantage of 70 cents on freight, and they have an advantage on the actual cost of production of about 50 cents on oranges and 75 on lemons. They can produce lemons for about half what we can produce them. It costs us about \$1.50 on an average to produce a box

of lemons and put them on the cars. It costs them 75 cents. I do not need to say that we have either got to have a tariff or go out of business, or employ some kind of labor as cheaply as they can get it. There is no question about that; there is no room for argument.

Mr. FORDNEY. The protection on the oranges just about offsets the freight?

Mr. CALL. Our protection a little more than offsets the freight, but does not offset the difference in cost and freight, not by about 35 cents. We still have a disadvantage of about 35 cents. That operates more strongly against Florida than it does against California, for we can sell our oranges for 35 cents more at least 25 cents more, than they can sell theirs, but we can not get along with a shadow less. Already the people of this country who know this business are putting their money into Mexico and into Cuba and into other points for the purpose of producing oranges to be sold in our market, for the reason that they can get cheaper labor and can get water transportation. American money is going over to build up this industry against us right now, and we do not know how it will come out, or how soon we may have to come before you and ask an advance in the tariff to protect us.

The lemon industry is on a little different footing from the orange industry, for the reason that the element of labor is very much more expensive. We can put a box of oranges on the car for \$1.05 on an average in California. It costs on an average \$1.48 to put a box of lemons on the cars. The box weighs a little more and it is a smaller fruit. They have to be picked every month in the year, and the cost of picking is 30 cents a packed box. They have to be carefully handled and put in a packing house to be cured, while oranges are put right on the cars from the grove. It also costs a great deal more for paper to wrap the lemons. The whole result is that it costs \$1.48 to put a box of lemons on the cars. It costs the people of Italy and Sicily only 75 cents to put their lemons on the boat to be shipped to the United States—half the money it costs us. With us two-thirds of that cost is for labor; with them it is only one-third labor—that is, the material is about the same here and there, the boxes cost about the same, and the paper about the same. That with our freight rate leaves them such an advantage in the lemon business that we can not increase our industry under the present tariff.

While we have taken pretty much all the markets of the country in oranges, we have reached the limit on lemons. We are now producing only one-third of the lemon consumption of this country. We produced the same amount seven or eight years ago—about one-third. We have increased to some extent our production, but the increase has only equalled the increase in consumption in this country. We can not go to the seaboard with our fruit. As I said, it costs us \$1.48 to produce it and 84 cents to transport it, and if we go to the seaboard we must sell it for less than cost.

Our auction sales last year in New York, Boston, New Orleans, and Philadelphia, those large markets, did not give us over two-thirds of the cost; hardly that. That was only about \$1.08 in Philadelphia, \$1.13 in New Orleans, and about \$1.25 in New York, f. o. b.—that is, after taking out the freight. We can not go into that market. We have a territory that we can supply with lemons, that is the territory west of the Missouri River. We can supply that territory with

lemons. We can sell the same lemons as far east as the Alleghenies. We can not sell any lemons east of the Alleghenies or in the south-eastern territory except on occasions when the foreigners are not importing. That is, we can not sell them there without a loss. That means that the lemon industry is at a standstill, except as the growth of the population west of the Missouri River in our territory increases. If that population increases we can increase our production to keep pace with the increase of population in that territory, but we are practically at a standstill in the lemon industry. While we produced 5,000 carloads of lemons this year, the foreigners have imported what is equal to 7,000 carloads, or 64 per cent of the consumption of this country. California has the climatic conditions, soil, water, and people to produce a large part of those 7,000 carloads if we had adequate protection, equalling the difference in cost at the point of delivery. Without that we can not do it.

It is desirable, we believe, from an interest in all the people, that the industry should be developed, not only for California, but for all of you, because the lemon is a very necessary and useful household article, and unless we can build up an industry at home we are liable to pay very high prices for lemons. If the people are to depend on the foreign growers of lemons, they are liable to have to pay very excessive prices at times. That foreign country is subject to drought and frost, and when that condition occurs you pay \$10 a box for lemons in the United States, as happened a year ago and two years ago in the eastern markets. California can not supply them or begin to supply them, because we have not been given sufficient encouragement to produce them. You depend on the foreign production and you will pay eight and ten dollars a box. If we had an industry at home that would not be necessary. Therefore it is better for the people of this country to produce their fruits at home. It is a point of safety as well as for the material advantage of our people.

In addition to this importation of 7,000 cars of lemons, these people in Italy and Sicily import a great deal of citrate of lime, a condensed form of citric acid, which can be readily converted into citric acid, and they are in a position to supply the country with citric acid. Under the present tariff that duty is very small. That should be changed. They produce 69,000 carloads of lemons a year. A third of that amount is usually made into by-products, largely citrate of lime in the condensed form. That is brought in here for 25 per cent ad valorem. We do not know whether the value they put on it at the custom-house is adequate or not, but they get in a great deal of the by-product in that way; and what is more than that, the Government of Italy has built up and fostered a great organization, what we would call a trust, and what, perhaps, some of you gentlemen would get after if we had it in this country. They have created a large corporation with banking facilities to advance money to the citrate growers for the purpose of holding the citrate of lime until the time when they can unload it on this country. That is, when they are a little shy on their green crop they take advantage of that time and load us up with citrate of lime, and the Government sees to it that they have the money to carry this product. Not only that, but they require all the growers under this corporation to sell their product through this corporation or to this corporation, and there is a penalty of 20 per cent on everyone who refuses to do so,

and the railroads and transportation companies of the country are held responsible for the payment of that 20 per cent, so they can not move it anywhere without paying the penalty. That is all aimed at us. While they are protecting their people financially and in every other way we are put to the disadvantage of having that stuff loaded onto us at times when their flood gates are open to discourage our growers, and they have had our people so discouraged at various times that they have cut down the trees. We lost 6,000 acres of trees about five years ago. The railroads came to our relief by reducing the freight rate, which gave them some little encouragement. The last two years they have had drought and frost in Italy which has reduced the crop, and for two years they have gotten better returns, but now they have a crop coming in four or five times as big as usual, and their ordinary crop is 69,000 cars the way we measure. We must have a slight additional protection, which the facts and figures which we have filed with you justify, or our business must remain at a standstill.

Now, if there are any further questions, I shall be glad to answer them.

The CHAIRMAN. When does your California fruit first come into the market?

Mr. CALL. Now, we have various varieties of oranges that are coming in all the year round. We commence in the early fall with the northern navel, which lasts until about the 1st of February. That is followed by the Washington navel, which lasts until the 1st of June. Then we have the Valencia, which lasts until November. Then we commence again with the northern navel orange. We are supplying fruit all the time.

The CHAIRMAN. How is it about lemons?

Mr. CALL. We ship the lemons all the year round; we pick them every month in the year.

The CHAIRMAN. The citrus fruits grow practically the whole year?

Mr. CALL. Yes, sir.

The CHAIRMAN. The Italian fruit comes in part of the year?

Mr. CALL. The Italian lemons come in all the year, but the oranges do not come in now to any extent.

The CHAIRMAN. They have no advantage over you in the matter of time?

Mr. CALL. No, sir.

The CHAIRMAN. Your competition from Italy is almost entirely in lemons?

Mr. CALL. Yes, sir.

The CHAIRMAN. Of course, your California oranges are much better than the Italian oranges?

Mr. CALL. We think so, and they will bring more in the market if they arrive in good condition. That is one peculiar feature of the business. They do not bring as much more as they ought to.

The CHAIRMAN. What part of the consumption of oranges do you supply?

Mr. CALL. Florida and California practically supply all the consumption at the present time.

The CHAIRMAN. There are very few imported?

Mr. CALL. Yes, sir; very few imported.

The CHAIRMAN. And as to lemons, about two-thirds.

Mr. CALL. The importations are two-thirds of the consumption.

The CHAIRMAN. How does the freight rate compare with the rate in 1897?

Mr. CALL. On oranges it is 10 cents a hundred less. On lemons it is 25 cents a hundred less. The railroads came to the rescue of the lemon industry to some extent, as much as they could, because it was going down.

The CHAIRMAN. Is there any competition on grape fruit?

Mr. CALL. We are only raising grape fruit for our home people. We do not send any East to speak of.

The CHAIRMAN. You send no lemons east of the Alleghenies?

Mr. CALL. We do send them when they happen to be shy, but everybody wants to sell them above cost.

The CHAIRMAN. What do you lay them down in New York for?

Mr. CALL. For \$2.32 a box, actual cost, without including interest on investment.

The CHAIRMAN. What can Italy lay them down in New York for, duty paid?

Mr. CALL. One dollar and eighty-two cents, not including interest on investment. They have us beat on lemons under present conditions.

The CHAIRMAN. What is the freight rate from Italy to New York?

Mr. CALL. Twenty-four cents a box, against our 84 cents a box.

The CHAIRMAN. A difference of 60 cents?

Mr. CALL. Yes, sir; the advantage on freight rates.

The CHAIRMAN. Has not the consumption greatly increased in citrus fruits?

Mr. CALL. It has about doubled in eleven years.

The CHAIRMAN. How does the retail price for these fruits compare in 1897 with 1907?

Mr. CALL. Of course it varies to some extent, year by year, but as a rule oranges are much cheaper now than then. We have filed with the committee the daily commercial reports from newspapers all over the country, in all the cities of the United States.

The CHAIRMAN. I mean the price to the man who eats the orange.

Mr. CALL. It depends somewhat on where he eats it. If he eats it at Delmonico's, he has to pay 25 cents apiece; at the grocery, oranges cost 15 cents a dozen.

The CHAIRMAN. Take New York, for instance. Can you tell the comparative price in 1897 and 1907 to the man who consumes the fruit?

Mr. CALL. It is cheaper now than then. The price is lower on an average, taking it for the year.

The CHAIRMAN. That is what I mean.

Mr. CALL. It is cheaper now than then.

The CHAIRMAN. Does the wholesaler pay more?

Mr. CALL. He pays less.

The CHAIRMAN. The price is lower all the way round?

Mr. CALL. Yes, sir. The retailer is satisfied with less profit, because he sells more fruit.

The CHAIRMAN. Have you been able to cheapen production any since 1897?

Mr. CALL. No, sir; we have not. The production cost has been increased on account of the increase in the cost of labor.

The CHAIRMAN. What percentage?

Mr. CALL. At that time we were able to get labor at \$1.50 a day. Now we pay from \$1.75 up to \$2.25.

The CHAIRMAN. Is that the only increase of cost?

Mr. CALL. The box material has increased also, and the paper a fraction of a cent. The box material has increased about $3\frac{1}{2}$ cents to the box.

Mr. UNDERWOOD. I want to ask you what kind of labor is used in the development of the citrus industry in California.

Mr. CALL. It is nearly all white labor if we can get it. A few people are compelled to employ orientals.

Mr. UNDERWOOD. What percentage of oriental labor is used in the industry?

Mr. CALL. I could not give you that. It is a very small per cent in our county.

Mr. NEEDHAM. When they employ orientals they pay them the same wages?

Mr. CALL. They pay them about 15 cents less than the lowest white labor receives. They can not perform the work of the artisans required in the work; that is, the skilled labor. A large part of it can not be done by them.

Mr. UNDERWOOD. Is there any advantage in the amount of labor done between the American laborer and the oriental laborer? Does the American laborer produce more results for the same pay?

Mr. CALL. The white labor is more trustworthy, and you can teach them better, and they comprehend quicker, and they are more reliable. They are preferable.

Mr. UNDERWOOD. As to units of value, do they turn out any more than the white man?

Mr. CALL. White men will turn out a little more.

Mr. UNDERWOOD. Are you familiar with the cost of citrus production in Italy?

Mr. CALL. Only as I get it from the consular reports.

Mr. UNDERWOOD. Is the labor in California more efficient, so far as producing units of value?

Mr. CALL. It is about the same. The Government of Italy has a school, a horticultural university, in which they educate their people free of charge in that business. They are very skillful. They know their business.

Mr. UNDERWOOD. I want to ask you if this is about right as to the value of a pound of lemons in these various years: 1898, 1.9 cents per pound. For the year 1898—that is, the year after the Dingley bill was enacted.

Mr. CALL. I could not give you that from memory.

Mr. UNDERWOOD. I am reading from the government reports. I want to see if your testimony will conform to it. In 1907—that is, last year—it was 2.8 cents. Is that about right?

Mr. CALL. Yes; I think that is about right. During that year and the year previous all Italy and Sicily was suffering from a short crop, and they did not have much for exportation. This country suffered by reason of it.

Mr. UNDERWOOD. I see that in 1906 the valuation, as given here by the report, was 2.1 cents a pound. Is that right?

Mr. CALL. Yes; that is about right.

Mr. UNDERWOOD. Then your statement a while ago that there had been a decrease in the cost of units of value in the lemon industry since the enactment of the Dingley bill was a mistake, if these figures are correct?

Mr. CALL. I think you misunderstood me. We were talking about oranges. The value of lemons has been more uniform, and it depends largely on the crop conditions on the other side. One-third of the crop can not make the market. It is the two-thirds that make the market.

Mr. UNDERWOOD. What does a box of lemons weigh?

Mr. CALL. Eighty-four pounds.

Mr. UNDERWOOD. And a box of oranges?

Mr. CALL. Seventy-two pounds.

Mr. UNDERWOOD. Now, you sell your lemons, you say, all west of the Allegheny Mountains as your natural market?

Mr. CALL. You might say our lemon territory is divided into three zones. That part west of the Missouri River is our market. Between the Missouri River and the Alleghenies is a mixed market, where it is a fight for the market, a fight every day. That part east of the Alleghenies is their market, which we can not go into except on rare occasions, and sometimes we do it at a loss.

Mr. UNDERWOOD. The consumption of lemons in this country is about even among the population, is it not; or is there any particular part of this country that consumes more largely of lemons than any other part?

Mr. CALL. I think the consumption of lemons has increased more rapidly than the population has increased.

Mr. UNDERWOOD. I mean in Minnesota, for example, do they consume as many lemons per capita as they do in Alabama?

Mr. CALL. I think the climatic conditions have something to do with it. They will consume more in a warm climate.

Mr. UNDERWOOD. There is no material difference, however?

Mr. CALL. No; because oysters and fish require a considerable supply of lemons, and then in the case of fevers and grippe colds it is a great medicine.

Mr. UNDERWOOD. Then, with Indianapolis, Ind., being the center of population, you have about one-half of the population of the United States where the present tariff bill gives you a prohibitive control of the lemon trade?

Mr. CALL. No; that is wrong in the premises. I said that part of the country lying west of the Missouri River was our part of the territory, our territory. That is where the tariff protects. But that part between the Missouri River and the Alleghenies is fighting territory. When we get into that country it is at a loss at times and at times with a small profit.

Mr. UNDERWOOD. When you get near to New York and to the Atlantic seaboard the advantage is in favor of the foreign ship, and the nearer you get to California the advantage is with you?

Mr. CALL. Yes.

Mr. UNDERWOOD. So that, as a practical fact, the advantage in this disputed territory west of Indianapolis ought to be your way, and nearer to the Atlantic seaboard it ought to be in favor of the importer, coming back to our proposition?

Mr. CALL. The farther you get west of Pittsburg the better it is for us.

Mr. UNDERWOOD. It strikes me, then, you have about one-half of the United States where you do not have competition.

Mr. CALL. About one-third. We produce about one-third of the consumption, and in seven years we have been able to increase only 3 per cent. They produced 64 per cent about seven years ago in their consumption, and they produce 67 per cent now. Last year was the biggest importation in the history of the business by 400,000 boxes.

Mr. UNDERWOOD. The lemons at present are a considerable revenue producer to the country, are they not?

Mr. CALL. Revenue producer to whom?

Mr. UNDERWOOD. To the Government. The Government collects something like a million and a half revenue from them.

Mr. CALL. I think they do collect a good deal, and I think it is collected at our expense. We are paying that. We are paying too much money when we do it.

Mr. UNDERWOOD. The question is whether you sell yours at the expense of the people. Now, the duty on oranges is practically prohibitive, is it not? There is no importation, is there?

Mr. CALL. Not to speak of.

Mr. UNDERWOOD. What is the total production of oranges in this country?

Mr. CALL. It is about 30,000 carloads; hardly that. I will give it to you in boxes. The production of California in oranges last year was 10,486,000 boxes, and eleven years ago it was 5,371,000. It has about doubled in the eleven years.

Mr. GAINES. That is boxes?

Mr. CALL. Yes; that is boxes.

Mr. UNDERWOOD. What advantage of cost, both in the cost of production and freight rates, have you in the city of New York over the foreign market?

Mr. CALL. They have an advantage over us of 35 cents.

Mr. UNDERWOOD. Where do they reach the territory where they can not compete with you?

Mr. CALL. If the quality was the same, it would be about Chicago. It would be about where we would be on about an equality.

Mr. UNDERWOOD. But you have an advantage in the quality?

Mr. CALL. Yes, sir.

Mr. UNDERWOOD. And for that reason very little is shipped in?

Mr. CALL. Very little is shipped in. People prefer our oranges just about to the extent of that 35 cents. Thirty-five cents is about our average rate in excess of theirs—what ours exceeds theirs.

Mr. UNDERWOOD. If the rate on oranges was reduced to three-quarters of a cent a pound—that is, three-fourths of a cent instead of 1 cent a pound—what effect would it have on the industry of this country?

Mr. CALL. I think if it was maintained for any length of time it would have a disastrous effect. Probably it would not for the first year, because we have now the market and it is pretty hard to change the market, but they could do it in the course of time.

Mr. UNDERWOOD. Would that rate let in any more oranges than the 1-cent rate lets in lemons into the country?

Mr. CALL. No, sir. I do not think it would be as disastrous as the 1 cent on lemons.

Mr. UNDERWOOD. The orange industry could thrive better on three-quarters of a cent on oranges or as well as the lemon industry can thrive with 1 cent on lemons?

Mr. CALL. It could for the present, but it would lead to an enormous development in Mexico and Cuba and the surrounding countries, so that in a short time it will be disastrous to the California interests.

Mr. UNDERWOOD. That is speculative, is it not?

Mr. CALL. No, sir. They are doing it now. There are thousands of acres being planted to-day, even now, on the 1 cent duty.

Mr. UNDERWOOD. Are not the Florida or California oranges better than any others in this country?

Mr. CALL. The Florida orange perhaps is not. I do not think there would be any distinction between the Florida and the imported fruit.

Mr. UNDERWOOD. That would put them on an equal basis—three-quarters of a cent—and lemons at 1 cent, would it not?

Mr. CALL. I think in the course of a few years it would be about the same, but for the present it would not be as disastrous as the 1 cent on the lemons.

Mr. UNDERWOOD. And that would be a source of revenue to the Government, whereas it is not producing any revenue now?

Mr. CALL. Yes.

The CHAIRMAN. Oranges are coming in now from Cuba at eight-tenths of a cent.

Mr. CALL. The importations are small, but the plantings are very heavy. Since reciprocity with Cuba, American and Canadian capital has gone down there and developed an immense planting, and in a short time, if that should be maintained, it would be disastrous to Florida and very harmful to California.

Mr. UNDERWOOD. The grape fruit is practically an American product, is it not?

Mr. CALL. I am not familiar with grape fruit, but I think grape fruit thrives wonderfully well in Cuba. That is my impression, but I would not care to testify on that point.

Mr. UNDERWOOD. The present tax on grape fruit is prohibitive?

Mr. CALL. I could not tell you very much about grape fruit. I am not familiar with it.

Mr. CLARK. How long have you been in the fruit business in California?

Mr. CALL. Twelve years.

Mr. CLARK. Has the cost of production increased or diminished?

Mr. CALL. The cost has increased.

Mr. CLARK. What made it increase?

Mr. CALL. The increase in the price of labor.

Mr. CLARK. Have you ever made a study of the proposition that there ever would come a time when the California fruit industry would become self-sustaining without a protective tariff; and if so, when?

Mr. CALL. There will be one time when they can do it, and only one, and that is when the Democratic party comes in and wipes out the tariff and the cost of labor is reduced to 25 cents a day. [Laughter.]

Mr. CLARK. You think that is an answer?

Mr. CALL. I think that is a square answer. That is the only time it will come—when the cost of labor is reduced to 25 cents a day.

Mr. CLARK. I think it was an impertinent kind of stump speech.

Mr. CALL. I do not think so.

Mr. CLARK. The theory of protection as propounded by Henry Clay was that it protected infant industries and the time would come when they would get to be self-sustaining. Do you think the time will ever come when the California fruit industry shall stand on its own legs without protection?

Mr. CALL. Never, until the labor cost is reduced to the level of Europe.

Mr. CLARK. You have got to keep up this thing always, then?

Mr. CALL. Yes; unless you want to pay labor 25 cents a day.

Mr. CLARK. Do you pay the Chinese and Japs as much as the American labor?

Mr. CALL. No, sir; 15 cents less.

Mr. CLARK. Everybody uses Japs who can?

Mr. CALL. No, sir; nobody uses them who can get along without them.

Mr. CLARK. Why do they let them in from the Sandwich Islands?

Mr. CALL. We do not allow them in our colony. I am not very well up on the Hawaiian labor question.

Mr. CLARK. Are there any other counties where the fruit industry in California could be sustained without a protective tariff?

Mr. CALL. I am not familiar with other counties not now producing.

Mr. CLARK. Where do you get your boxes?

Mr. CALL. From Oregon and California and Washington.

Mr. CLARK. They are made on the Coast?

Mr. CALL. Yes. We make our own boxes on the Coast.

Mr. CLARK. It was testified here the other day that the wine casks and barrels used in the California wine industry were made in the East.

Mr. CALL. We make our boxes on the Coast.

Mr. FORDNEY. I believe you said, Mr. Call, it would cost the California lemon growers \$2.32 a box to deliver in New York, and that the Italian could deliver it there at \$1.84?

Mr. CALL. Yes, sir.

Mr. FORDNEY. Would the price of lemons in New York warrant your shipping them there if it were not for the competition? In other words, do the people of New York get the lemons there cheaper except on account of competition?

Mr. CALL. That would depend on the times. At times they would pay more. At other times they would pay less. The trouble with the New York people—that is, the consumers—is that they are handicapped there. They are dependent on the foreign trade, because the tariff freezes our trade out of their market, and at times they have to pay from \$8 to \$10 a box for lemons, so that the consumer has to pay a higher price than if he could eat California lemons all the year round.

Mr. FORDNEY. Labor conditions being the same, with no increase in the cost of labor in the next ten years, if you add another cent a pound protection on lemons could you furnish lemons cheaper than you do to-day?

Mr. CALL. If we had another cent, we probably could not produce them any cheaper, but we would be able to increase our acreage so that the production would almost equal the entire consumption of this country, and it would be a uniform production at a uniform price, and on the whole cheaper to the consumer than under the present conditions.

Mr. FORDNEY. There would never come a time, if you got your orchards large enough to supply all the people of the United States—there would never be a time come when lemons would be \$10 a box?

Mr. CALL. Never a time like that would come if California would produce all the lemons consumed in the country. It would be the same as with the oranges. As to oranges, we have been able to decrease the cost of the fruit and give the public better fruit by reason of the protection we have had in ten years.

Mr. FORDNEY. And if a time should ever arise when you could supply all the lemons in the United States which the public would consume, it would be better for the masses of the people to keep that money at home rather than send it abroad?

Mr. CALL. I think it would be. It is not only a matter of financial importance to the whole country, increasing very largely the number of consumers of eastern products, but you would get a better article, and cheaper on the average, and uniform throughout the whole country. There has been practically a uniform price on oranges.

Mr. FORDNEY. Mr. Call, if the duty was removed absolutely from lemons, you would have to go out of business, and it would be the same in the case of oranges?

Mr. CALL. There is no doubt of it. It is an artificial business, requiring too much labor ever to compete against that cheap foreign labor. It can not be done. There are no patriots in this country who are willing to go to work and produce oranges and lemons at a loss simply for the benefit of people here.

Mr. McCALL. Mr. Call, what is the usual number of lemons in a box?

Mr. CALL. The average is about 330 or 360. The market prefers a box containing about 300 or 360—25 or 30 dozen.

Mr. McCALL. How much is the specific duty now on lemons?

Mr. CALL. The ad valorem?

Mr. McCALL. No. How much on each lemon?

Mr. CALL. Now it is a little less than 3 cents a dozen. With the increase it would be $4\frac{3}{4}$ cents a dozen.

Mr. McCALL. It is about a quarter of a cent a lemon?

Mr. CALL. Yes, now; and we would increase it to about a third. It is a little less than a quarter of a cent.

The CHAIRMAN. Suppose we put the duty at a dollar and a quarter—a cent and a quarter a pound. Don't you think you could squeeze a little more out of the people west of the Alleghenies and give us people east a little cheaper lemon—put it up a little higher to them, and so give us people of New York a chance to eat California fruit?

Mr. CALL. We would like to do it, because it would be good for everybody to eat it.

Mr. BOUTELL. West of what, did you say?

The CHAIRMAN. West of the Allegheny Mountains.

Mr. BOUTELL. We would object to that. We have no objection to squeezing the lemon, but we would have objection to your squeezing us. [Laughter.]

Mr. FORDNEY. It is not your fault that you are not doing that now?

Mr. CALL. No, sir. We are losing money all the time to get our California lemons in there. If you give us sufficient tariff, we will give you a uniform price all over the United States, and it will be cheaper than the price you now pay, and uniform throughout the whole country, and with it will extend the market for farm products of the West. You will also have the satisfaction of knowing that the money is kept at home, and you will be protected from the droughts and frosts that occasionally put the price up to \$10 a box for lemons.

Mr. UNDERWOOD. That has not been the history under the Dingley bill, if these figures are correct?

Mr. CALL. No, sir; because the tariff is not high enough to furnish us the protection. If the tariff had been perhaps a cent higher, the condition would be the same with lemons as it is with oranges. It takes double the labor to produce a box of lemons that it does a box of oranges.

Mr. CLARK. What you really want, Mr. Call, is a prohibitive tariff, is it not?

Mr. CALL. We would like to have a tariff sufficient to give us a living out there in California and fill all sections of this country with our fruit.

Mr. CLARK. You understand the word prohibitive?

Mr. CALL. Yes.

Mr. CLARK. What you really want is a prohibitive tariff, is it not?

Mr. CALL. No; that is not exactly correct, if you want an exact answer. It is not exactly correct. We want a tariff that will give us enough to produce that fruit for substantially all the markets of this country; that is, where we could reach out and supply the markets at some standard rate; and nearly all the people would be satisfied. Why is it not better to produce what we eat here at home?

Mr. CLARK. This is not the place to argue the tariff question. We are here to get the facts.

Mr. CALL. I beg your pardon; I tried to answer you.

Mr. CLARK. These lands that you have planted in lemons now would produce oranges just as well, would they not?

Mr. CALL. I think they would.

Mr. CLARK. Why don't you go to raising oranges there?

Mr. CALL. There was a great many thousand acres turned over to oranges in that portion of the State where oranges would thrive when people found that this tariff was not sufficient to protect them, and they began budding over from lemons to oranges.

Mr. CLARK. You convert lemon trees into orange trees?

Mr. CALL. No, sir; we convert lemon trees out of orange trees. We convert oranges into lemon trees.

Mr. CLARK. If you could do that, and if the soil is calculated to produce one equally well with the other, why don't you put the whole thing into oranges?

Mr. CALL. I will tell you. There will be a portion of it—if Congress is of opinion that they would prefer to buy foreign lemons rather than the home product—where we can do it. We will do it

in every section of California where we can do it, but there are some sections where we can not do it, and there are some trade districts in the West for which we can still afford to raise lemons under this tariff.

MR. CLARK. The truth is that where you can confine yourselves to your natural market you are making money, both on lemons and oranges, are you not?

MR. CALL. If we could confine ourselves to our own territory, we could make a little money on both oranges and lemons. We could make about 4 per cent.

MR. CLARK. Can you raise lemons enough to supply the western market, west of Pittsburg, for instance? Could you take the whole market and drive the Italians out of that market?

MR. CALL. We can not drive them out with this duty, west of Pittsburg.

MR. CLARK. You can drive them out west of the Wabash, can you not?

MR. CALL. We can drive them out west of the Missouri River, and the remainder of that territory is fighting ground.

MR. CLARK. Can you drive them out as far east as Chicago?

MR. CALL. Not entirely.

MR. CLARK. Have you not as cheap rates from the West to Chicago as these fellows have from the East to Chicago, adding the freight rates from Italy?

MR. CALL. No, sir.

MR. CLARK. A while ago you testified that by the time you got this land irrigated and planted and waited eight years you could get a net profit of \$43 and something per acre.

MR. CALL. Yes.

MR. CLARK. In estimating that \$43 and something per acre did you count in as debit the interest on that plant?

MR. CALL. No, sir; no interest at all, neither on the groves nor the packing houses. That is our interest. It is equal to about $4\frac{1}{2}$ per cent of the cost.

MR. CLARK. This land that you are using for lemons is valued at a preposterously high rate, is it not?

MR. CALL. No, sir.

MR. CLARK. How much more of the surface of California is susceptible of irrigation?

MR. CALL. It is a very large area, if you had the water.

MR. CLARK. Yes. How much water have you got out there if you could irrigate all of California? If it was all good under irrigation, if you got water enough, then how much would you increase the area?

MR. CALL. I could not tell you that. You see we are limited by the amount of water we have got. I could not tell you what area would be adapted to this industry. We have not worked that out.

MR. CLARK. In the last ten or fifteen years, since you got started in this citrus-fruit industry in California so as to make it grow, this citrus-fruit business has been encroaching on almost every other agricultural or horticultural business in California, has it not, and has taken away gradually the land used for other things before?

MR. CALL. Oh, I think that land could have been used for grain occasionally. We use these high lands, the high mesas, for this

citrus fruit. It is an arid land. We can raise there barley, perhaps, two years out of three, and that is about all that it is good for.

Mr. CLARK. About how far north in California do you raise citrus fruits?

Mr. CALL. We raise them in Butte County and in Tulare—we call that north, but it is really pretty far south.

Mr. CLARK. What is the name of that big valley up there where they used to raise so much wheat?

Mr. CALL. The San Joaquin Valley?

Mr. CLARK. Yes. Is it not true that they have been agitating a scheme of converting that entire valley into this fruit business by irrigation and taking water out of that river?

Mr. CALL. I do not know what the boomers may have done. I have not heard of their doing that. There are a lot of schemes all through the West of one kind or another in that line. I can not keep up with them. They are raising a good many oranges up in that county, in Tulare County, by pumping water. They get up into the mountains there below the frost line, and they are raising a good many oranges in that arid country.

Mr. CLARK. You have to irrigate all of this land where they raise oranges?

Mr. CALL. Yes; every foot of it, and it takes seven or eight years before we can get any returns from it at all.

Mr. RANDELL. Mr. Call, is not the freight rate very high?

Mr. CALL. Yes.

Mr. RANDELL. Have you not tried to get it reduced?

Mr. CALL. We had hearings before the Interstate Commerce Commission when it was a dollar and a quarter, and they ordered testimony to be taken and the railroads gave us a reduction. Now we have 2,300 miles of haul and their rate is less than a cent per ton per mile. The cars are expensive to build and they have to haul them back empty part of the time. I doubt if they are not now pretty close to bed rock on that proposition.

Mr. RANDELL. What assurance have you, if you had a higher tariff, that the freight rate would not be increased to take all of it in?

Mr. CALL. The railroads have got pretty near past the day when they can increase the freight rates materially.

Mr. RANDELL. Are they so high that they can not go any higher?

Mr. CALL. I do not think the sentiment of the country would permit them to raise the freight rates on citrus products.

Mr. RANDELL. Do they not charge more for this product than on the regular freight?

Mr. CALL. I am not competent to answer that.

Mr. RANDELL. If you want relief out there, you ought to answer that question.

Mr. CALL. I have not been engaged in that controversy. I presume the people who have had charge of it have investigated it.

Mr. RANDELL. Do lemons keep long, if properly cared for?

Mr. CALL. If properly cared for on that coast, we can keep them two or three months without deterioration. You can not do it here, and you can not do it under ice without deterioration. Over there, with our cold nights and proper ventilating system, we can keep them two or three months without deterioration.

Mr. RANDELL. You think the tariff ought not to be raised unless the country proposes to make it a permanent thing?

Mr. CALL. It will have to be continued until we get cheaper labor.

Mr. UNDERWOOD. What effect will the building of the Panama Canal have upon the freight rates to the eastern seaboard?

Mr. CALL. That will depend, of course, on who controls the steamships.

Mr. UNDERWOOD. You expect to get cheaper freight rates, do you not?

Mr. CALL. That is the expectation of people who ship that way, but whether or not it will make a difference on citrus fruits is a question.

Mr. UNDERWOOD. It will not cost more by water to ship from California to New York than to ship from Italy?

Mr. CALL. No. It would not be materially different from there, and if the service could be got in reasonably quick time to the Atlantic seaboard our products might be moved in that way. If our steamships were not then controlled by the people hostile to our interests, we might possibly get a lower rate; but just now let me tell you this, that the steamship companies carrying foreign lemons over here are working just as hard as they can against us. The Clyde Line steamers, for example, are working against the California business because they do not want to lose that haul on lemons, and they are joining with the entire Italian nation to beat us out of the business.

Mr. UNDERWOOD. I was only asking you that in a speculative way; but if in all human probability the canal is finished in five years, it may revolutionize the freight rates after that between California and the eastern seaboard.

Mr. CALL. That is so far ahead and so speculative that no man should take it as a fact what effect there would be.

The CHAIRMAN. It will be a long time before you have transportation lines and fruit vessels between California and New York equal to those now between Europe and New York?

Mr. CALL. Yes, sir.

The CHAIRMAN. You will have time to revise the tariff several times before that, will you not?

Mr. CALL. Yes. We would have time to be dead and buried and have the sand blowing over our graves before that.

Mr. FORDNEY. You have reached the limit in your industry where you must either get greater protection or else lower the cost of labor?

Mr. CALL. Yes, sir.

Mr. FORDNEY. And you believe that, if given more protection, you can supply the eastern part of the country with lemons without any further cost?

Mr. CALL. At a less average cost. There would be times when they would be cheaper, and times when the price would perhaps be higher. The foreign importers could sell lemons so cheap as to beat us out of business, and then afterwards, of course, they would raise the price. The business now is in the hands of importers in New York who are trying to kill us off, and in that effort they are paying out big money.

Mr. HILL. How many acres of ground do you raise citrus fruits on?

Mr. CALL. Two hundred and fifty acres.

Mr. HILL. Do you sell your own product?

Mr. CALL. Yes; I sell my own product.

Mr. HILL. A buyer in Hartford, Conn., for example, could buy your crop, could he? You are not under obligations to sell it to any particular place, are you?

Mr. CALL. I can sell it wherever I see fit.

Mr. HILL. You are not under obligations to sell it to the Fruit Growers' Association?

Mr. CALL. At the present time I am selling through them, but you know that is not an organization that sells anything. They appoint an agent and we ship to that agent, and I put my own price on my fruit and receive my own returns.

Mr. HILL. Is not the price of fruit fixed by the association?

Mr. CALL. No, sir; every grower fixes his own price in connection with what the consumer is willing to pay. You know it takes two to make a bargain.

The CHAIRMAN. The grower fixes it if he can get it?

Mr. CALL. Yes; just like any other man, the consumer makes his offer and the grower accepts it if he sees fit.

Mr. CLARK. Was not your answer to Mr. Fordney's last question inconsistent with the answer you made to one of my questions? You told him that unless the tariff was raised on lemons you had reached the limit of the lemon industry of California, and you had told me a while ago that you were converting a great number of acres of orange trees into lemon trees?

Mr. CALL. No, sir. That is just where you got it wrong two or three times already. I told you that four or five or six years ago the people engaged in raising lemons were so discouraged that they had converted part of their lemon orchards into orange orchards.

Mr. BOUTELL. Are you engaged in the manufacture of secondary products, making marmalade and preserves, and so on?

Mr. CALL. No, sir; not as a commercial proposition.

Mr. BOUTELL. Is there any secondary manufacture in any of the products of lemons, with citric acid?

Mr. CALL. We do not make them.

Mr. BOUTELL. You only ship the lemons?

Mr. CALL. Yes, sir.

STATEMENT OF JOSHUA C. CHASE, OF JACKSONVILLE, FLA., RELATIVE TO CITRUS FRUITS AND PINEAPPLES.

WEDNESDAY, *November 18, 1908.*

Mr. CHASE. Mr. Chairman and gentlemen of the committee, before beginning I would like to know whether it would be the pleasure of the chairman to hear me on citrus fruits, and then follow it with pineapples and vegetables in their natural state?

Mr. DALZELL. Take your own course, Mr. Chase.

Mr. CHASE. Thank you.

Mr. UNDERWOOD. You are from California, Mr. Chase?

Mr. CHASE. No; I am from Florida.

I would like to open my remarks by reading a telegram that I received this morning from the Jacksonville Board of Trade:

JACKSONVILLE, FLA., November 17, 1908.

J. C. CHASE,

Care of Hotel Raleigh, Washington, D. C.:

At special meeting board trade held to-day following resolutions unanimously adopted:

Whereas the Committee of Ways and Means of the National Congress is now considering a revision of the tariff;

And whereas the Florida fruit and vegetable growers fear that the tariff on pineapples and citrus fruits may be abolished or reduced: Therefore

Be it resolved, That the Jacksonville Board of Trade heartily indorses the efforts of the Florida Fruit and Vegetable Growers' Protective Association to see that, if any changes are made at all, the tariff be increased.

Be it also resolved, That we delegate Mr. J. C. Chase, a member of this board, to represent us at the meeting of the Committee of Ways and Means and convey to them the views of this the largest commercial organization in the South.

H. H. RICHARDSON,

Secretary Board of Trade.

The Florida Fruit and Vegetable Growers' Protective Association comprises in its membership fully 75 per cent of the orange and pineapple growers and a large percentage of the vegetable producers. I was requested to appear before your honorable body to present in a concise form, for your consideration, facts and figures surrounding these Florida industries, representing estimated values as follows: Vegetable and garden products, \$4,420,392; fruit crops, \$7,773,500.

These figures are taken from the Florida Quarterly Bulletin of April, 1908, prepared by R. E. McLin, state commissioner of agriculture, in 1906. They are not the latest figures. They do not cover the figures of 1907, but of 1906. The crop of 1907 was possibly larger than that of 1906, and more valuable.

The Florida citrus industry is divided into two periods, the first being prior to 1895, and the second being from that date to present time. Shipments for the season of 1884-85 were estimated at 600,000 boxes, and the quantity increased rapidly during the next ten years, and would have exceeded 7,000,000 boxes for the season of 1894-95 had the State not been visited by a series of blizzards that practically annihilated the industry, ruining prosperous communities, and making it necessary to reinstate the trees except in certain favored localities of limited acreage.

The crop for the succeeding season, 1895-96, only amounted to 75,000 boxes. Since then some of the old groves have been brought back into bearing and a large new acreage has been planted in hundreds of places in the South, practically exempt from frost damage, and we now have an estimated crop of from 4,500,000 to 5,000,000 boxes of oranges and grape fruit. In one extreme southern county, Lee County, in the frost belt, it is estimated that trees are coming into bearing capable of producing in the next few years fully 1,000,000 boxes of oranges and grape fruit.

I was just mentioning these figures to show that the Florida industry was at one time wiped out and now is brought back again, and will be in a very short time where it was prior to the frost of 1894-95.

Florida's misfortune was California's opportunity. It is unnecessary to state that the rebuilding of the citrus industry in Florida and its extension in California would never have been brought about

had it not been for the wisdom and foresight of the Government in protecting the industry by enacting the present tariff duty of 1 cent per pound.

As far as Florida orange growing is concerned, the protection then essential is now absolutely necessary for its continued existence. Owing to favorable climatic conditions, California can produce different varieties of oranges, some of which can be held on the trees during the summer and fall months, and California can furnish oranges to the markets of this country every day of the year. The freight rates granted to the California growers have also favored and fostered the industry, and practically driven Florida oranges from the largest and most important consuming markets of the West, and compelled Florida to sell the bulk of her orange products in the markets of the Southern and Atlantic Coast States. Here Florida citrus fruits come into direct and severe competition with oranges from Jamaica, Cuba, Porto Rico, Bahamas, Arizona, Mexico, and European orange-producing countries.

With the increase in the orange production from all sections, Florida growers find the cost of production increasing, with the product constantly decreasing in market value and net results to the producer. Oranges and grape fruit can be grown more cheaply in Cuba and Porto Rico than in Florida, and freight rates also favor both those islands. For instance, the freight rate on a box of oranges from an average locality in Florida by rail to Jacksonville and by the Clyde Line to New York is 60 cents per box. A box of the same weight is transported to New York from the following places as follows [reads]:

	Cents per box.
From Jamaica to New York.....	31½
From Habana to New York.....	31½
From Porto Rico to New York.....	26½

Mr. UNDERWOOD. You have not included your freight in your Habana charge, have you?

Mr. CHASE. You mean down to the coast?

Mr. UNDERWOOD. Yes. You included that in the Florida charge.

Mr. CHASE. I did not include all of that in the haul, shipping from Florida. As to a great deal of that product grown in Porto Rico and Cuba and Jamaica, the places where it is grown are small, and they have comparatively good roads there, and their hauling charge would practically offset our hauling charge. We recognize there is a hauling rate. Some of the groves in Florida are so remote from transportation that it costs 20 cents a box to haul them from the groves to the nearest railroad station, and the roads are so poor that teaming is expensive. They can only take a limited number of boxes at a load.

In Cuba labor can be employed at 80 cents a day from sunup to sundown.

Mr. POW. Did you say 80 cents?

Mr. CHASE. Yes; 80 cents.

In Florida the same class of labor has to be paid from \$1.50 to \$2 per day of eight to nine hours. The Florida growers pay tribute to syndicates supplying food and grain products, fertilizers, farming implements, crate material, paper, nails, and transportation charges that have been practically stationary for over twenty years. That is,

from the base point to the points given, we have had no change in our freight rate for more than twenty years.

All of the above statements are facts, and can be readily proven in a brief to be filed. Any reduction of the present duty would prove a body blow to the Florida citrus industries.

The CHAIRMAN. Have you concluded your statement?

Mr. CHASE. On the citrus part; yes, sir.

The CHAIRMAN. I want to ask you a question or two. At your price can you lay down your oranges in New York in competition with Italian fruit?

Mr. CHASE. As compared with Italian fruit, the freight rate by rail and water from the average point in Florida—in order to have you understand it exactly I would say we have what we call a base point in Florida, and from the producing point there is a rate to the base point. Now the rate to the base point has to be added to the through rate from the point of destination, and the rate to the base point varies according to the distance to that point. At no place is it less than 10 cents a box, and it runs from that to 35 cents a box for about a 250-mile haul, so that if you add the rate from the producing point to the base point, which from an average point would be 25 cents a box, and then add to that 35 cents a box from Jacksonville, where it takes the steamer to New York, you have a rate of 60 cents, against the rate from Italy, as to which I will take Mr. Call's statement—a rate of 25 cents.

The CHAIRMAN. Is there competition in price between your fruit and California fruit?

Mr. CHASE. Yes, sir. The severest competition we have comes from California.

The CHAIRMAN. You say your competition comes from California?

Mr. CHASE. Yes. California can ship oranges every day in the year.

The CHAIRMAN. Are they growing any oranges now about Citra or Orange Lake?

Mr. CHASE. There will be more raised this year in that locality than in any year since the freeze of 1895.

The CHAIRMAN. Have you had any frost there?

Mr. CHASE. Yes; some freezes that affected young trees in that part of the State, but they have not had any damaging frosts in five or six years.

The CHAIRMAN. How about the Indian River region—are the groves bearing again?

Mr. CHASE. Yes. A great many groves have been brought back, and I understand this year the crop will be brought back almost to where it was prior to the freeze.

The CHAIRMAN. And the groves have increased greatly down around Tampa and in that region?

Mr. CHASE. Yes; down on the Manatee River there has been quite an increase and quite an increase at points out on what we call the West Coast up as far as Sutherland. We found that there was less damage to the orange trees in that section than in any other part of the State, and consequently we call those points practically exempt from frost damage.

The CHAIRMAN. They have never done very much toward raising lemons in Florida, have they?

Mr. CHASE. We did prior to the freeze in 1894, but since then we have not renewed the groves, and have practically done nothing commercially.

Mr. UNDERWOOD. You had a telegram from the board of trade at Jacksonville?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. Stating that they desire to maintain the present rate of protection, or increase it, on citrus fruits?

Mr. CHASE. Yes; citrus fruits, pineapples, and vegetables; they enumerate everything in the telegram.

Mr. UNDERWOOD. Is the sentiment of the board of trade at Jacksonville in favor of a protective tariff throughout the industries of the United States?

Mr. CHASE. I should judge so from that message.

Mr. UNDERWOOD. Well, I want to know whether those people that you represent stand for the general principle of protection or only for protection on the article you mentioned?

Mr. CHASE. Well, I think that they feel that as long as they have some articles that should be protected they should get the protection.

Mr. UNDERWOOD. Is their sentiment in favor of the general policy of protection or do they stand for a policy of tariff for revenue?

Mr. CHASE. Well, now, you know I am a grower and a shipper, and I am not in political touch with the people. But I know they are business men, that they look at this question in a business way, and would prefer seeing protection on their industries that need it.

Mr. UNDERWOOD. Well, do they want protection on other great industries of this country, such as wool, iron, and sugar, or do they want a tariff for revenue?

Mr. CHASE. Well, as coming from the solid South, and knowing that some others in the solid South are favored on wool, and some other industries, I suppose Florida, as long as she has not any wool, would like very much to have her citrus fruits protected. They look at it on the same basis as they do on others.

Mr. UNDERWOOD. I am satisfied of that, but I was trying to find out whether you favor protection on citrus fruits, and yet expect Congress to write a revenue bill in other directions?

Mr. CHASE. I think it is more of a give-and-take proposition. If their interests are protected, they are perfectly willing to support a fair bill that would protect all parts of the country, and conserve the American market for American products as long as there is no injustice to the consumers.

Mr. UNDERWOOD. Is that the sentiment of the Board of Trade of Jacksonville?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. I wanted to find out what it was.

Mr. CHASE. That is it.

Mr. BOUTELL. That is practically the sentiment of all the people of Florida, is it not?

Mr. CHASE. Yes, sir; that is, all the thinking people.

Mr. UNDERWOOD. I wanted to find out the special status of Florida on this question, was the reason I asked you these questions.

Mr. CHASE. Well, I think they are gradually being reformed. They feel that way now, or they never would have sent me that telegram, I am quite sure.

Mr. UNDERWOOD. There was some little conflict in the recent results, and only a few weeks ago the State of Florida cast her electoral vote for a Democratic platform for revenue, while right on the heels of that the Board of Trade of Jacksonville is following it up with a petition for protection. I was trying to reconcile the two propositions.

Mr. CHASE. I just said that we are not growing any more lemons in Florida commercially, and didn't have any to pass out at that time. [Laughter.]

Mr. UNDERWOOD. What is the freight rate from Jacksonville to New York by sea?

Mr. CHASE. Thirty-five cents a box.

Mr. UNDERWOOD. What is the freight rate by sea from Habana to New York?

Mr. CHASE. Thirty-one and one-third cents.

Mr. UNDERWOOD. Then the freight rate from Jacksonville and from Habana is about the same on the boxes of oranges and lemons?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. Now, as to the domestic freight rate in Cuba. In your statement you do not estimate what that was. You assumed that the growth is near Habana.

Mr. CHASE. No; I did not. I do not know what the freight charges are down there.

Mr. UNDERWOOD. As a matter of fact, the shipments by water from Cuba come almost entirely from Santiago or Habana?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. So that even if the groves are located along the seacoast the fruit has to be carried by rail or wagon to Habana?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. And the distance in transporting that crop in Cuba is about the same as it is in Florida, is it not?

Mr. CHASE. In Florida we only have, you might say, one seaport at the present time that handles citrus fruits from cars to the ship, and that is Jacksonville.

Mr. UNDERWOOD. Do they not handle it at Tampa?

Mr. CHASE. To a limited extent, recently.

Mr. UNDERWOOD. What is the freight rate from Tampa to New York?

Mr. CHASE. It is 45 cents a box.

Mr. UNDERWOOD. Well, there is no point in Florida that is farther away from either Tampa or Jacksonville, and that grows citrus fruit, than the farthestmost point in Cuba from Habana or Santiago? I mean the distance of the domestic haul in Florida to Jacksonville or Tampa is no greater than the domestic haul from the farthestmost point in Cuba to Santiago and Habana.

Mr. CHASE. I am not posted on the distance from the citrus-fruit districts in Cuba to the seacoast.

Mr. UNDERWOOD. Isn't it a fact that the rate in Cuba is higher than the freight rate in Florida on citrus fruit to the point of shipment?

Mr. CHASE. I do not know.

Mr. UNDERWOOD. Therefore, your statement about the comparison as to the rate for Cuban fruit to New York with the Florida rate to

New York was inaccurate, in the fact that you did not take into account the local freight rate?

Mr. CHASE. Well, I will qualify my statement. The freight rate on Florida fruit from Tampa to New York is 45 cents, and from Cuba, or Habana, to New York is 31½ cents. Now, we have eliminated the haul to the Keys, so that from Cuba it is 14 cents or 13½ cents, the advantage on shipments of Florida oranges via Tampa.

Mr. UNDERWOOD. I recognize that; but a while ago you made the statement of something like 60 cents. I think that was inaccurate, because you had not estimated the local haul beyond that.

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. Now, as a matter of fact, there are no importations—practically none—of oranges or other citrus fruits into this country under the present law excepting lemons; isn't that true?

Mr. CHASE. Cuba is beginning her grape-fruit and orange shipments into this country.

Mr. UNDERWOOD. How much do the grape-fruit importations amount to?

Mr. CHASE. I haven't the exact figures, but I think that last year was the most extensive year, and that it was somewhere in the neighborhood of 100,000 boxes.

Mr. UNDERWOOD. It is very small in comparison with the total production of this country.

Mr. CHASE. It is; but is a constantly increasing quantity, and the acreage is constantly increasing. There is one man there from Cincinnati who has 700 acres in citrus fruits, I understand.

Mr. UNDERWOOD. You say that there is practically no lemon industry in Florida?

Mr. CHASE. Only for our own consumption. They do grow them there, but only to a limited extent. They grow some limes in the southern part of the State.

Mr. UNDERWOOD. What advantage do you have over the foreign importations on oranges in shipment to the interior; for instance, to Chicago, St. Louis, or Indianapolis?

Mr. CHASE. Do you mean from Cuba and those points?

Mr. UNDERWOOD. Over Cuban points.

Mr. CHASE. We pay the freight rate from the Florida producing points to Chicago, it being 84½ cents a box to Chicago and the haul being about 1,200 miles. California fruits get in there for 82.8 cents per box. Cuba gets its fruits in there—I haven't the figures with me but the tariff on the Munson Line, and I can give you—I think it is a rate of 59½ cents from Habana to Chicago, and to that you would naturally have to add the duty.

Mr. UNDERWOOD. In other words, you state that the freight rate on a box of oranges from Habana to Chicago by water and by rail is cheaper than it is from Jacksonville?

Mr. CHASE. Yes, sir.

Mr. UNDERWOOD. What is that due to?

Mr. CHASE. I suppose it is due to a desire on the part of the transportation companies to haul a little extra freight.

Mr. UNDERWOOD. Is that same thing true as to Indianapolis and St. Louis?

Mr. CHASE. Yes, sir; all of that territory. They can get in there cheaper by rail and water than we can from any point in Florida.

Mr. UNDERWOOD. Then your real difficulty in those markets is not due to the question of the cost of transportation, but it is discrimination on the part of the railroads against the Florida producer?

Mr. CHASE. Well, it would look that way; yes. Just as I said, the freight rates on Florida products have remained stationary for over twenty-five years. All new orange-producing sections that have come in have had rates made in competition with Florida rates, because Florida was the oldest producing point, and they have done nothing for Florida.

Mr. UNDERWOOD. What does a box of oranges weigh?

Mr. CHASE. Eighty pounds, taken by the railroad.

Mr. UNDERWOOD. What is the cost of raising and putting a box of oranges f. o. b. cars?

Mr. CHASE. The soil has a great deal to do with the production of oranges and grape fruit in Florida. Some soil is good rich soil, which grows hard woods, hickory, oak, etc., and is more fertile than the pine-land soil; and the cost of production in Florida would be a very hard matter to give on an average in comparison with California. Owing to the difference in soil and difference in locality it would vary from \$1 to \$1.50 per box, the actual cost of preparing for the market and putting on the cars.

Mr. UNDERWOOD. What do you sell it for in the New York market?

Mr. CHASE. At the present time in New York from \$1.75 to \$2 a box. You have to take out the selling expense and all freight charges.

Mr. UNDERWOOD. What does the selling expense amount to?

Mr. CHASE. The selling expense varies with the manner in which the crop is marketed. If it is shipped to commission men there, it is possibly 8 or 10 per cent, while if it is sold it may be sold to some dealers in New York, and if there is any loss or gain it belongs to the man who buys.

Mr. UNDERWOOD. As to the pineapple industry, where does your competition come from there?

Mr. CHASE. Cuba.

Mr. UNDERWOOD. What is the freight rate from Jacksonville, or the same points of shipment, to New York?

Mr. CHASE. From Jacksonville to New York it is 35 cents, the same as upon oranges. The crate is taken at the same rate.

Mr. UNDERWOOD. Is it the same from Tampa?

Mr. CHASE. There are no pineapples grown in that territory, or practically none.

Mr. UNDERWOOD. What is the freight rate from Habana to New York?

Mr. CHASE. Thirty-four and one-half cents.

Mr. UNDERWOOD. About the same rate?

Mr. CHASE. For a longer haul actually less.

Mr. UNDERWOOD. What is the cost of raising pineapples in this country?

Mr. CHASE. Mr. McMullen, a practical grower, is to follow me, and will be able to tell you, but I would like, as we have started in on the pineapples, and as that question has been brought up, to say that Florida, this last year, shipped approximately 690,000 crates. Cuba brought into this country 800,000 crates. Now the two crops are marketed at practically the same time, with disadvantage to the Florida people; that is, they have to get their crop on a market that

is already supplied. The price on fruits is governed by supply and demand. It is not like some other products that can be held indefinitely. It either has to be disposed of or go into the dump. The heavy shipments of pineapples from Florida and from Cuba fall at the same time. The duty, according to the present tariff, is 7 cents a cubic foot, or \$7 a thousand in bulk. I understand that the rate was made in bulk for the canners, and the rate of 7 cents a cubic foot was made on the crate, which is 10 by 12 by 36, so that a crate actually holds, in cubical contents, very nearly $2\frac{1}{2}$ cubic feet. They are taken by the Government at 2 cubic feet, and the duty is assessed at 14 cents a crate. You take a crate, with an average of 30 pineapples, and if it was brought into this country at \$7 a thousand it would be 21 cents duty. The importer has found that out, and instead of bringing it in bulk they bring it in in crates, at 14 cents, so that the way the matter stands now the United States Government is loser to the extent of 7 cents a crate on every crate of pineapples that is brought into the country, and on 800,000 crates that would amount to \$56,000.

Mr. UNDERWOOD. Are there more pineapples imported into the United States than are produced in the local market?

Mr. CHASE. At present.

Mr. UNDERWOOD. The present tariff is a revenue tariff, and not a prohibitive tariff.

Mr. CHASE. That is because the product is so much less; but that will be touched upon by the gentleman who follows me.

The duty on vegetables in their natural state was the next question we had under consideration, and Cuba, as you might say, is on the early market, and is the worst competitor of the Florida grower. In the markets of the country the Cuban growers are the worst competitors of the Florida growers, because they can grow so much more cheaply than we can in Florida, and the present duty is 25 per cent ad valorem. That is so small that it is absorbed by the transportation companies and practically affords us no protection. The transportation companies will make a lower rate on Cuban vegetable products to the various western markets, duty added, than we get from the Florida transportation companies; so that it would look to me as if the duty on vegetables, Cuban vegetables, should be placed sufficiently high to prevent the transportation companies from defeating the object of the Government it would afford us the protection that was intended.

The CHAIRMAN. What particular vegetables are you speaking of?

Mr. CHASE. Tomatoes. I think they come in under vegetables in their natural state not otherwise specified.

The CHAIRMAN. That is the basket clause, paragraph 257, "Vegetables in their natural state, not specially provided for in this act, 25 per cent ad valorem." I think tomatoes come under that, but as to potatoes, cabbages, beans, etc., there is a specific duty.

Mr. CHASE. The Florida tomato crop is one of the largest crops we grow, but I was speaking more in reference to these other products, although it is placed on all of them.

The CHAIRMAN. Have you not increased your production of tomatoes?

Mr. CHASE. Yes, sir. The crop last year amounted to, I think, a million crates of tomatoes.

The CHAIRMAN. That is not reported separated, and I do not know what the imports are. Do you know anything about the imports?

Mr. CHASE. I haven't got them with me; no, sir.

The CHAIRMAN. Have you any idea of the cost of laid-down tomatoes in New York from Florida or Cuba?

Mr. CHASE. In the eastern markets it amounts to about 26 cents from Cuba—that is, from Habana to New York—on a crate of tomatoes.

The CHAIRMAN. Freight?

Mr. CHASE. Yes.

The CHAIRMAN. I mean, how much is a crate of tomatoes worth; what do they cost laid down from Cuba and Florida?

Mr. CHASE. I think they are put in the custom-house on the basis of 60 cents f. o. b. harbor at Habana. That would be 15 cents duty; and then, Cuban products get 20 per cent preference, which would make the duty 12 cents a crate.

The CHAIRMAN. There was a gentleman here yesterday, speaking about the wages of Cuba, who stated that they were approaching those of the United States; that is, they were increasing under governmental protection.

This paragraph shows \$638,000 worth of vegetables in their natural state last year.

Mr. CLARK. As to this statement that you make about the difference in tariff on pineapples in crates and in bulk, where the Government practically loses one-half a cubic foot in each crate, that is a fault in the administrative features exercised by the Treasury Department, is it not?

Mr. CHASE. I suppose it must be the fault of some one.

Mr. CLARK. That is where it is; it is not in the law. If a crate holds $2\frac{1}{2}$ cubic feet and they only collect a tariff on 2 cubic feet, it is a matter of administration. That is the only thing I wanted to say about it one way or the other. It ought to be remedied in the Treasury Department.

Mr. HILL. Are the farm products of Florida sold generally under free and open competition, or under the direction of fruit growers' associations?

Mr. CHASE. They are handled by the growers. There are some associations there.

Mr. HILL. Do you sell your own products direct to the consumer?

Mr. CHASE. We sell our products to the distributor in the different markets; that is, the jobber. We sell in carload lots to the jobber, the jobber sells to the retailer, and the retailer sells to the consumer.

Mr. HILL. As a matter of fact, do you know anything of the disposition of the California fruit products through associations and their own agents, rather than being sold in open competition?

Mr. CHASE. Yes; I lived in California for quite a number of years, and was engaged in the same business in California that I am now in in Florida.

Mr. HILL. Was the sale and disposition of the California crop on the same basis as from Florida?

Mr. CHASE. On an entirely different basis.

Mr. HILL. What is the basis?

Mr. CHASE. The bulk, 56 per cent, I think, of the citrus crop of California is handled by the California Fruit Growers' Exchange,

which is an association of growers. They own, control, and market, and distribute their products, and regulate the movements according to the supply and demand; that is, they have their agents spread over the country, and are in constant touch with market conditions, watch matters carefully, and they know when to put on heavier shipments, or heavy shipments, in order to keep an even balance between the supply and demand, and get good results for their product.

Mr. HILL. But the Florida product is shipped to the market and sold on commission?

Mr. CHASE. Yes; Florida can not handle her product the same as California, owing to her geographical position, and also to climatic conditions. You take our citrus fruits. Our trees bloom in February and March. We might say that the tree is one mass of bloom at practically the same time. The California tree blooms differently. They bloom later, and they bloom by degrees, you might say, so that at the picking time the California grower can go to his trees and pick off the first bloom, and then go again and pick off a second, a third, a fourth, and so on, picking a half a dozen times if necessary; but in Florida it matures at the same time, and if it is not taken off on or before the tree blooms again, it is unfit for shipment.

Mr. HILL. What I want to get at is this: Does the consumer have the benefit of open competition with respect to the California product the same as he does with respect to the Florida product?

Mr. CHASE. I should say yes, sir. The price for California products, all perishable products, is based upon supply and demand. If the supply is too great, you are bound to have lower prices.

Mr. HILL. And the arrangement in regard to the control of the crop does not affect ultimately the price to the consumer?

Mr. CHASE. No, sir; I think not.

Mr. POU. Are they raising seedless oranges in Florida?

Mr. CHASE. We have not been able to grow profitably the Washington navel. It appears to be adapted to California and not to Florida, owing to climate, I think, and to cultivation. We grow the Florida orange that the people found there originally.

Mr. NEEDHAM. Do you irrigate your groves in Florida the same as they do in California?

Mr. CHASE. They are beginning to a limited degree.

STATEMENT OF J. M. YORK, BOSTON, MASS., WHO FURNISHES INFORMATION AS TO COST OF PRODUCING ORANGES.

WEDNESDAY, *November 18, 1908.*

Mr. Chairman and gentlemen of the committee, I come as a grower and as a distributor. My business is that of handling fruit and produce in Boston, Mass. I thought perhaps that I could enlighten you a little as to the cost of producing oranges. I think that as a rule the gentlemen who have spoken have given the cost of producing oranges somewhat low. I have been in the business as a producer of oranges for twelve years, and can say that it costs a good deal more to produce oranges in our section than it does to produce in California. The reason is that our soil is light and we have to fertilize heavily. I have just paid a draft of \$1,000 for fertilizer to go on our

grove. The tendency is all the time for prices to go down, and I can see nothing else to do except to go out of the business unless we have protection.

Mr. UNDERWOOD. You have had a prohibitive tariff since 1897.

Mr. YORK. I believe a protective tariff in this country.

Mr. UNDERWOOD. It has been prohibitive since 1897.

Mr. YORK. I do not think so.

Mr. UNDERWOOD. The importations have been very small.

Mr. YORK. Yes; but they are increasing. Importations are increasing rapidly from Cuba. Since the Spanish war they have been going into the business of producing oranges and grape fruit. We do not have quite the severe competition that they have in New York, but the competition is gradually growing and it will only be a few years when we will have a direct line of steamers, and after that we will be in quite as close competition with Cuba as New York now is. New York is the largest market.

Mr. McCALL. Does the United Fruit Company do any of that business?

Mr. YORK. It is bringing in fruit from Jamaica at a cost of about 30 cents a box freight. The freight from the heart of the fruit-producing section there, via rail and water, to Boston from Jacksonville and Savannah is 65 cents. The freight, via rail and water, from Norfolk to Boston, is about 70½ cents. The freight, all rail, to Boston, is 76 cents. Florida produces a fruit that has a thinner skin. Our fruit will not hold up like the California fruit. The California fruit is more hardened. The California people do not have to rush their fruit into the market as we do. Our climate and soil are such that we have a great deal of fertilizing to do on our land. The quality of our land makes the fruit tender. The fruit has not a good keeping quality and must be marketed and handled quicker. When we ship our fruit we must strap the oranges and put them up in tiers. They must be in good carrying condition when shipped in order that they shall bring a fair price. The competition is increasing so fast with us in Florida that I can say it is only a matter of a short time before it will be nonprofitable to grow oranges, unless we can devise some means of producing them more cheaply.

Mr. POW. Do you want an increase of the present import duty?

Mr. YORK. No, sir; I only wish to have it remain as it is.

Mr. McCALL. At what price do you estimate the cost of the delivery of a box of oranges in Boston?

Mr. YORK. You mean the cost of growing the fruit and the delivery in Boston?

Mr. McCALL. Yes.

Mr. YORK. It is hard to tell the cost, because some years you get a good crop and some years you get a poor crop. To answer that I would have to take the average for about five years. I should say on that basis that the average cost of raising and delivering oranges would be \$2 per box.

Mr. McCALL. About how many dozen oranges would be in a box?

Mr. YORK. They would average about 175 oranges to the box.

Mr. McCALL. It would be about 14 cents per dozen?

Mr. YORK. Yes, sir.

Mr. McCALL. What price do they usually bring in the market?

Mr. YORK. Just now they are retailing at a very low price.

Mr. McCALL. At what do they retail ordinarily?

Mr. YORK. That depends upon the season of the year. About this time in the year they retail very low, because they are a glut on the market. The market is now quite full and the price is low. We have now oranges piled upon the dock which are practically unsalable at \$1.50 or \$2 per box. They are now selling closer to \$1.75 than to \$2. Just at the present time they are selling below the actual cost of production.

Mr. McCALL. They are wholesaling from \$1.50 to \$2 per box?

Mr. YORK. Yes, sir.

Mr. McCALL. What is the usual retail price to the consumer in Boston?

Mr. YORK. I will explain it to you somewhat if I can. A good many of the oranges that we are now receiving will run from 126 to 250 oranges in a box, as they vary in size—not as to the size of the box, but as to the size of the oranges. The retailer will sell the smaller oranges cheaper. If there are 250 in a box they will retail as low as 15 cents. The retail price will gradually rise according to the size of the oranges. For the big oranges he will get from 25 to 30 cents per dozen. On those he will make some money, but he will make practically nothing on the smaller sized oranges. We sell by the load or carload, mixed counts. According to that the prices will run from 15 cents to 30 cents per dozen retail.

Mr. CLARK. But the prices run above 30 cents.

Mr. YORK. They might in time of scarcity.

Mr. CLARK. But if you will take the whole business, the average price at which these grocers sell in New York, Washington, and elsewhere, it is a good deal above 30 cents per dozen.

Mr. YORK. No; I think not.

Mr. CLARK. There may be times for a short period when the cost will be low, but if you take the twelve months the average price will be 50 cents per dozen, will it not, if you buy oranges at the retail stores?

Mr. YORK. Yes, sir, for the large fine fruit; but there are some months when the oranges will not keep and have to be sold low.

Mr. CLARK. Do you not know that they sometimes sell oranges as high as 70 cents to 90 cents?

Mr. YORK. Yes, sir; sometimes in the summer time, when there are nothing but Valencias, which come from California. The crop from Florida comes in between October and February. In November, December, and January most of the crop comes from Florida and at that time the price is low. They market the crop from California in January. You will find oranges about this season of the year selling at \$1.50 to \$2.50 per box. Sometimes in May, June, July, August, and September the prices will rule from \$4 to \$7 per box at auction.

Mr. CLARK. Do the Florida oranges sell at practically the same price for which the big oranges from California sell?

Mr. YORK. The high-priced oranges are out of the market at that time.

Mr. CLARK. I wish you could induce the grocers to sell them cheaper.

Mr. YORK. A nice Valencia orange at this time is selling high.

Mr. CLARK. What we are trying to get at is this: The raisers of oranges claim that they do not make much and the wholesaler claims

that he does not make much, and yet the price of a box of oranges, after it leaves the hands of a producer and gets into the hands of the consumer, goes up from about \$1.70 to as high as \$7.25. That is 50 cents per dozen. What we want to know is who gets that enormous profit.

The CHAIRMAN (to Mr. Clark). You are assuming that all of the oranges sell from 75 cents to 80 cents, whereas sometimes they sell as low as 15 cents to 20 cents per dozen. Some oranges are large and some are small, and therefore it is simply a matter of mathematical calculation.

Mr. CLARK. It seems to me that the mathematical calculation in this transaction is that the consumer of the oranges gets gouged somewhere. The man who raises the oranges says that he does not make anything and the wholesaler says that he does not make anything, and I would like to find out who gets this great rake-off between these two prices.

Mr. YORK. I do not think there is a great rake-off. The Florida oranges sell low and the Valencias, the high-priced oranges from California, sell high. At the time of the high prices there is light production. The market is regulated by supply and demand.

Mr. CLARK. Then if we let the present tariff stand you are satisfied?

Mr. YORK. I am.

Mr. POW. What are you after?

Mr. YORK. I am not here after anything. I had a wire to meet the delegation here, so I got ready quickly, and I expect to be back in Boston to-morrow morning.

Mr. POW. You simply desire to put yourself on record as opposing any change in the tariff rate?

Mr. YORK. Yes, sir. I wanted to put something in the testimony as to the cost of producing oranges. I have been in the business twelve years.

Mr. UNDERWOOD. Do you propose a change in the Dingley bill, or a change only in the rates on citrus fruit?

Mr. YORK. I am not posted enough to say that I would want to enlighten you any on that point at this time. I think that we get along nicely under the Dingley bill.

Mr. UNDERWOOD. Usually everybody who appears proposes a change on the particular schedule in which he is interested. I wanted to see whether it extended to all of the schedules.

Mr. YORK. I have been favorable to a protective tariff up to this time.

Mr. CLARK. You run your orange plantation from Boston, do you not?

Mr. YORK. No, sir; we have a man interested with us who is in Florida. He is stationed there. He is our general manager.

Mr. LONGWORTH. What did you say the price of a box of oranges was?

Mr. YORK. The market now is low.

Mr. LONGWORTH. How much is it?

Mr. YORK. We sold several carloads yesterday at an average of about \$2 per box. It was nice fruit. A good deal of it sells at \$1.50 per box.

Mr. LONGWORTH. I see that it is quoted in the papers at from \$2.25 to \$2.50 per box.

Mr. YORK. The papers do not all of them get the exact sales.

Mr. LONGWORTH. I do not know how else to find out the price.

Mr. YORK. The papers hardly ever get it right. There are several profits, or I should say there should be several profits, from the time the fruit leaves the grower until it gets into the hands of the consumer.

Mr. LONGWORTH. Then there is no way for anyone except the man in business to find out what the price really is?

Mr. YORK. The man in business should know.

Mr. LONGWORTH. There is no way for us to know except by the market reports in the newspapers?

Mr. YORK. They are not always correct. I have a paper here which gives the correct quotations.

Mr. HILL. Do you export oranges?

Mr. YORK. No, sir.

Mr. HILL. Do you know anybody who does?

Mr. YORK. No, sir.

**STATEMENT OF FRANCIS E. HAMILTON, OF NEW YORK CITY,
REPRESENTING IMPORTERS AND CITRUS FRUIT TRADE.**

WEDNESDAY, *November 18, 1908.*

Mr. HAMILTON. Mr. Chairman, am I to be limited to two minutes?

The CHAIRMAN. Nothing has been said about a limit of two minutes in connection with you, Mr. Hamilton.

Mr. HAMILTON. I ask the question with perfect honesty, because I do not know whether it will be possible for me to confine myself within that limit.

The CHAIRMAN. The committee will take a recess at 6 o'clock.

Mr. HAMILTON. Mr. Chairman, I suppose I am the first person who has been here to-day who can honestly say that he appears in the interest of the consumer—absolutely of the consumer. The fact that I am paid by importers and the citrus fruit trade to come here does not change the fact that the interest of the public, pure and simple, is the interest that I believe to be affected by the question that I desire to present to the committee.

The CHAIRMAN. It is not very important, but you are not the first person who has appeared here, as alleged, for the consumer. There are others.

Mr. HAMILTON. Did I understand you to say that Mr. Morningstar did?

The CHAIRMAN. Yes.

Mr. HAMILTON. Well, I can not help it. I still must appear for the public. I ask that in the amendment or revision of the tariff the duty upon lemons be removed, and I ask that it be removed because the lemon trade during the last five years has increased more than 100 per cent in California, and according to the official statement of Dr. G. Harold Powell, Pomologist of the Agricultural Department, the profits connected with that business amount to 380-odd dollars an acre on the average. Now, I will take the \$1,000 which my friends this morning said the land was worth per acre and allow them 10

per cent interest upon that investment, which is \$100, and it leaves a net return of \$250 upon the amount of capital, which is shown to be about \$700 per acre.

Mr. UNDERWOOD. What report is that?

Mr. HAMILTON. It is entitled "The Status of the American Lemon Industry, by G. Harold Powell, pomologist in charge of fruit transportation and storage investigations, Bureau of Plant Industry. Reprint from Yearbook of Department of Agriculture for 1907."

Mr. Powell, after having investigated, as he doubtless has, with great care with regard to this citrus fruit industry, says "The American lemon industry has become permanently established on a firm foundation within the last few years."

The gentlemen who spoke this morning went back for eleven years to draw their conclusions. They did have some hard times seven or eight or nine years ago. The tariff helped them all through those hard times, and they have gone on until now. Instead of selling their fruit for little or no profit they are marketing their fruit at such a profit as no other agricultural producer in the United States is able to make. Mr. Powell says:

The lemon is grown in the citrus-fruit belt of California, where at the present time the annual production is from 3,000 to 4,000 carloads, which represents approximately 100,000,000 pounds, or from one-third to two-fifths of the total quantity used in the United States.

He says further:

As a result of the recent progress in the industry, the demand for the best brands of California lemons is greater than the present supply.

Do they need to be protected under those circumstances?

The area of groves is extending considerably, though more slowly than the growers desire, as the nurserymen have not been able to supply the demand for trees during the last two or three years.

That does not look, as some of my friends said this morning, as if the business had reached a standstill, and, unless you increase the duty, would go down and disappear.

The CHAIRMAN. What is the date of that report?

Mr. HAMILTON. 1907, sir.

The CHAIRMAN. And it is by Mr. Powell, you say?

Mr. HAMILTON. G. Harold Powell, pomologist of the Department of Agriculture.

The CHAIRMAN. We will try to have him here in the morning.

Mr. HAMILTON. I think he would be a very valuable witness before your honors. This is published in 1908, I believe, but it is copied from the Yearbook of 1907.

Then he goes on to say:

The nurserymen have not been able to supply the demand for trees during the last two or three years, their propagation having been almost abandoned when the business was in the most depressed stage.

All of which is perfectly understandable. It is admitted on the part of the consumers, the people who have to buy our oranges and lemons, that there was a depressed condition of business seven or eight or ten years ago, and that the growers did, as I think a Congressman asked one of the gentlemen this morning, graft or bud their lemon trees over to oranges; but that depressed condition has passed. The protection which the tariff gave has served its full purpose, and now it

is going beyond its purpose, and it is making me pay 3, 5, 7, and 10 cents for an orange that I formerly could buy for 1, 2, and 3 cents—and the same difference in ratio of cost applies in the case of lemons. And the lemon, gentlemen, is not a luxury, as you will all agree.

Mr. UNDERWOOD. There is a very different condition, though, with reference to the importation of lemons in this country, and of oranges. The orange duty seems to be prohibitive, whereas, as to lemons, two-thirds of the lemons that are consumed come from abroad.

Mr. HAMILTON. Quite so; and the reason for that is, as will appear from the report of Mr. Powell, that seven or eight years ago, the orange industry being at a low ebb, the lemon industry was at a very much lower ebb; and, as was stated to you this morning, many of the fruit growers in California budded their lemon trees over to orange trees. Then the protection of the 1 cent a pound placed upon both citrus fruits so protected the orange that the importation of that, for business reasons, fell off until instead of bringing in 750,000 boxes in a year it is less than 100,000 boxes at the present time.

The CHAIRMAN. As I understood those gentlemen this morning, they claimed that they were able to meet the competition from Italy as far east as the Allegheny Mountains, but east of them they were unable, because of the increased freight rates, to meet the competition of the Italian imports. I think that was their statement.

Mr. HAMILTON. Forty cars a week of California fruit is being sold in the New York market.

Mr. FORDNEY. When that gentleman this morning said there was no profit in that business, and that in a period of eleven years they had only paid the dividend he mentioned, he did not know what he was talking about, or he made a misstatement?

Mr. HAMILTON. One of the two, or else Mr. Powell is wrong. I am giving these figures from the official document of Mr. Powell, the government official in charge of fruit transportation, and upon his figures I base my statements. Mr. Powell says this—not to detain you, but I think these figures are decidedly interesting at this point:

The annual cost of maintaining a bearing lemon grove of 20 acres: Cultivation, cost per acre, \$16.10; spraying, cost per acre, \$2.49; pruning, cost per acre, \$3.49; fertilizing, cost per acre, \$8.29; irrigation, cost per acre, \$6.41; water tax, cost per acre, \$8.59.

And they told you all about that water this morning. I presume you gentlemen know as much about California water as I do, but I have seen a great deal of it running, and I have seen a great deal of it sold; and we know that irrigation is one of the necessities in California, and that it is figured on just as much as electric lighting and heating are in our houses.

Mr. FORDNEY. In eleven years we have been able to produce enough to supply about one-third of the consumption?

Mr. HAMILTON. One-third to two-fifths, according to Mr. Powell. The annual total cost per acre is \$370.86. Mr. Powell says:

The average return per car f. o. b. in California during the last few years varies widely, but a rough estimate of the returns is as follows: 1903-4, probably somewhere near \$400; 1904-5, between \$600 and \$675; 1905-6, between \$800 and \$900; 1906-7, between \$850 and \$950.

In 1903-4, when it was somewhere near \$400, they were just coming over the edge, having paid the expenses of the maintenance of the grove.

Mr. FORDNEY. With that very ability to supply one-third of the market demand, is the price of lemons higher now than it was before the Dingley law took effect?

Mr. HAMILTON. I do not know that I am able to state the comparative price of the same quality of lemons before and after the Dingley law took effect; but what I particularly object to under the present conditions, and what I believe would grow to be a greater evil than it is at present, is that the duty upon lemons has been for the last five years gradually diminishing the importation of them (I have the figures in my brief, and shall not detain you to read them, as I will file the brief), and at the same time there has been this continued increase in the production of California. She has a great big market here to sell lemons in.

The CHAIRMAN. The importation of lemons has remained about the same.

Mr. HAMILTON. It has decreased about 20 per cent in the last five years.

The CHAIRMAN. One hundred and sixty-two million pounds, 152,000,000 pounds, 154,000,000 pounds, 139,000,000 pounds, 138,000,000 pounds—and 153,000,000 pounds was the last one.

Mr. HAMILTON. It has decreased about 20 per cent. You will find, on the other hand, that the production of the California lemon has increased nearly or quite 100 per cent. Despite everything, even if the duty is taken off of the lemon, the result in the long run is going to be that the California fruit will take the market, so far as regards fruit of equal quality and acidity. Very much of the fruit which is brought here is not as fine fruit as the California fruit. While it is a lemon carrying a great deal of acidity, and a perfectly good lemon, it is a lemon that markets for much less to the consumer. So that while the man or the woman or the child for a penny can buy the imported lemon at the present time in the market, he is in danger all the time of being crowded out of that for the two reasons which I have given, that the California fruit, which is more expensive, is gradually absorbing the market, and at the same time the foreign fruit is being eliminated from the market, because there is not a profit in it.

For the past season I am authorized by the citrus-fruit dealers of New York to state that the prices have been such that it has been only a matter of the disposition of the goods that have been sent to them. There was no such thing as a profit in the business of the imported lemon during this past year.

Mr. FORDNEY. This gentleman stated this morning that there was a difference of 58 cents a box against the California fruit in the New York market.

Mr. HAMILTON. He stated that it cost 25 cents a box to bring the fruit from the other side. It costs 30 cents. There never has been a box laid down for less than that. If he is as wrong in his other figures as to freights as he was on his ocean freights, I can see where he makes up the difference between the two things.

The CHAIRMAN. What do you say it costs to lay down the lemons in New York, freight paid?

Mr. HAMILTON. Two dollars and sixty cents a box.

The CHAIRMAN. Can you give it in pounds?

Mr. HAMILTON. There are 82 pounds to a box. Two dollars and sixty cents a box would be about $3\frac{1}{2}$ cents a pound, would it not, or $3\frac{1}{4}$ cents a pound?

The CHAIRMAN. The reports have only 2.8 cents a pound.

Mr. HAMILTON. Well, here are gentlemen here—

The CHAIRMAN. That is in 1907. Prior to that it was 2.1 cents for four or five years.

Mr. HAMILTON. Those figures we can supply from actual experience—that is, from the books of the men who have dealt in them for the last five or ten years—if it is at all desirable that the committee should have them.

The CHAIRMAN. This government report, I am frank to say, does not include the duty.

Mr. HAMILTON. Oh, no, sir. There was a suggestion this morning that time was not to be wasted in stump speeches. I do not want to make a stump speech, but I want to ask whether the committee is not with me in this one proposition:

The Republican tariff principle is understood to be twofold: First, to produce a revenue; and second, to protect the interests of home industries. Such protection should be so graduated that its benefits are equally divided between the capital that establishes, the labor that produces, and the public that consumes. The moment a tariff rate fails to equitably meet these three requirements, that moment it becomes unjust, whether it be a Republican or a Democratic tariff.

I believe the committee will agree with me in that as a proposition, and I submit that the facts contained in this brief and such other data as we may subsequently file, in my judgment will be sufficient to satisfy the committee that, aside from the question of revenue—and I do not believe that it is your right to impose any duty upon lemons and oranges as a revenue measure, because they are not luxuries, and the revenue duty, or the duty for revenue, should be imposed upon the luxuries—

Mr. UNDERWOOD. Suppose you can not get enough revenue out of the luxuries?

Mr. HAMILTON. You suggested last week, I think, that there was an opportunity to raise just such a revenue from the very interest I then represented, and I think you were quite right.

Mr. UNDERWOOD. I would like to ask this on this lemon duty. I agree thoroughly that the duty on oranges is not only a protective duty, but a prohibitive duty, and not one that would meet with my approval at all; but on this lemon schedule, it appears that a very large percentage of the consumption in the country comes from the imported crop, which has a tendency to regulate the price, and at the same time the Government obtains \$1,500,000 of revenue from that. Under those circumstances, with a large deficit in the Treasury and \$1,500,000 to be raised from this particular article, how can we get away from that proposition, as long as it is not a prohibitive duty but a protective duty?

Mr. HAMILTON. Have I omitted in my suggestion of what is the true tariff principle, the third and additional fact that "if we are behind the light-house we must have money, and therefore a tariff should be laid upon anything that will produce it?" I do not believe the committee desires to suggest that as one of the salient principles that go to build up a proper tariff. The Government has been receiving \$1,500,000 from these lemons, and if it has been unjust to the consumer, wipe it out. You have no business to continue it.

Mr. FORDNEY. What would you put on it?

Mr. HAMILTON. There is the same question that has been asked me from the other side. You seem to see the necessity of \$1,500,000 of money that has formerly been coming from the lemon trade, and, losing that, you say "What will you put it on?" That is up to the committee; but it certainly should not be imposed upon a necessity of life, and should not be imposed where it is not necessary to protect a home industry.

Mr. FORDNEY. How about a tax on potatoes?

Mr. HAMILTON. I have never gone into that question.

Mr. FORDNEY. More people eat potatoes than eat lemons.

Mr. HAMILTON. They do; and the principle may be just as wrong in that as in this, sir. I only desire to read a line or two more—

Mr. RANDELL. Would not the same rule apply to the sixty millions on sugar, to take it off of the necessities of life?

Mr. HAMILTON. Are we producing what sugar we require here? I said the necessities of life, produced in our own market. The California fruit is gradually taking the market, and will eventually take it all.

The CHAIRMAN. You only have seven minutes more, if you desire to finish to-night.

Mr. HAMILTON. I will stop in two minutes.

In the matter of lemons, the past five years have proven, first, that our country is rapidly advancing toward the point where its supply of home-grown fruit will equal and continue to equal all home demand; second, that the profit to the lemon grower is large, far beyond that of the average farmer, and constantly growing; third, that the price of the fruit has steadily risen during the five years last past, and, fourth, that such conditions have existed in spite of the importations, which have steadily declined during the same period.

As a result of the continuance of these conditions, it is positive that within a very short space of time foreign fruit will be entirely driven from the market, and the price of the home-grown product—already so high as to net a return of nearly if not quite 100 per cent upon the investment and cost of labor annually—will so advance as to prohibit the liberal enjoyment of the same by the great masses of the people, thus seriously and unjustly affecting the consumer.

To avoid this result, at least for some years to come, Congress should place lemons, and oranges as well, upon the free list, so that they may remain within the reach of the laborer and his family, that mighty body known to the public as "the consumer."

Within the past two years our neighbor to the north, Canada, has removed all duty upon lemons, while Russia has reduced its duty upon the fruit two-thirds, both countries acting for "the benefit of the people."

If the lawmakers in a constitutional monarchy, and as well in an absolute monarchy, find themselves moved to act for the betterment of those over whom they rule, how much more is it the duty of our lawmakers, chosen from the masses, being consumers themselves and representatives not of a vested power but of an independent people, to protect that people and to benefit the entire body of consumers by equally popular and just action.

Mr. FORDNEY. They can not raise lemons in Canada, can they?

Mr. HAMILTON. I never have heard of their raising any there.

Mr. FORDNEY. Has the increased cost of lemons in the last five years, in your opinion, been due to the increase of wages or the tariff?

Mr. HAMILTON. I think a combination of both. It would be very foolish to say that the tariff had caused all of the increase.

Mr. FORDNEY. I do not think it has.

BRIEF SUBMITTED BY FRANCIS E. HAMILTON, OF NEW YORK CITY, FOR THE ITALIAN CHAMBER OF COMMERCE OF NEW YORK RELATIVE TO LEMONS.

NEW YORK CITY, *November 6, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Italian Chamber of Commerce consists of the large majority of Italian importers and merchants in the city of New York, and represents an average Italian-American trade of upward of \$100,000,000 a year.

There are in the city of New York alone more than 400,000 Italians, while the total Italian population of the United States numbers upward of 2,000,000.

The Italian Chamber of Commerce of New York represents in a commercial sense the interests of all Italian-Americans, while the citrus-fruit importers speak for the masses of the people, who, by their use, have made such fruits a necessity of life.

Magnitude of the trade.—The citrus-fruit trade of this country is enormous.

From a consumption too small to appear even as an item of imports in 1858, the use of citrus fruits has grown in fifty years until now it is estimated that the yearly consumption of lemons alone is upward of 3,300,000 boxes, the division being, approximately, 2,000,000 boxes imported and 1,300,000 boxes produced in the United States.

Benefits of the trade.—There exists no question but that the consumption of fruit, and especially of citrus fruit, is highly beneficial to the users thereof. All physicians and scientists agree upon this point, and during the warmer season of the year, from June until November, not only the general public health is conserved by the use of these fruits, but lemon juice especially takes the place of many deleterious beverages with the great masses of the people, and especially with the poorer classes the country over.

It would therefore be a step backward in our civilization to enact any law which would militate against the popular and almost universal use of these fruits, the demand for which is constantly increasing, and which are no longer luxuries, but necessities.

Cost.—Fifty years ago oranges and lemons sold to the consumer at from 5 to 10 cents each for oranges, and at from 3 to 7 cents each for lemons. The increased importation of oranges from Mexico, the West Indian and Mediterranean ports, however, gradually reduced their cost until the cheaper oranges sold at 1 cent apiece, being even less than lemons, and the consumption was decidedly increased. So great did the import trade grow in time to be, the custom charge being only 25 cents per box, that the Florida growers made an effort,

shortly thereafter indorsed by the California interests, to place a heavier duty upon the same, which was done under the McKinley Act in 1897.

At the same time both fruits, oranges and lemons, were placed upon the duty lists at 1 cent per pound, although the production of lemons in this country was far below the demand, and required no protection to insure a market.

As a result, however, of this duty the price of the fruit advanced and the consumption of oranges fell off. The public, accustomed to buying the small West Indian, Mexican, or Mediterranean orange at a penny, did not choose to pay 2 or 3 cents, but supplied themselves in lieu thereof with bananas, which were free of duty and which very soon increased in consumption to a large extent. Bananas were and still are sold at a penny, and to-day the quantity required to supply the poorer classes is enormous.

The tariff rate of 1 cent a pound imposed upon oranges resulted in so burdening the import trade that it has practically been destroyed. Less than 100,000 boxes a year have been imported at the port of New York during the past five years. Prior to the passage of the present tariff act the importations of oranges at this port were from 750,000 to 1,500,000 boxes per year, with a population market in this country 10,000,000 or 15,000,000 less than at the present time. The price of cheap oranges has never been so low as prior to 1897, and never will be again unless the fruit goes on the free list.

The arguments presented by Senator Gray, of Delaware, in the tariff discussions of the Fifty-fifth Congress, have been proven true, and as a result of the 1-cent per pound duty on oranges the great masses of this country have been deprived of a cheap fruit, although the steady increase of home production has given all the supply required in the higher grades and for the needs of those who were able to pay for them. This condition, however, does not pertain with regard to lemons.

Use.—This fruit has always been in demand for its tonic qualities, and its use has been augmented by the moderate prices which have prevailed despite the duty tax, and by the fact that the fruit may be found in the market practically the year round.

Its direct effect upon the system is much more marked than that of the orange, its acidity is most gratefully cooling in warm weather, and its effects are directly beneficial in many forms of illness. The demand for the lemon has been steadily increasing for more than half a century, and is growing with the growth of the population.

Home production.—The lemons of California supply about one-third of the demand of the United States.

G. Harold Powell, pomologist of the Department of Agriculture, in the Yearbook of the Department for 1907, p. 343, says:

The American lemon industry has become permanently established on a firm foundation within the last few years, the seasons since 1904 having proved unusually profitable. The annual production is from 3,000 to 4,000 carloads (about 1,170,000 boxes), being from one-third to two-fifths of the total quantity used in the United States.

In the same report he further says (p. 344):

The demand for the best brands of California lemons is greater than the present supply. The area of groves is extending considerably, though more slowly than the growers desire, as the nurserymen have not been able to sup-

ply the demand for trees during the last two or three years. * * * It will be several years before the product of recent plantings increases the total supply of fruit to any considerable extent.

Again he says (p. 348) :

The California lemon is shipped principally into the markets of the Central West and West. The California fruit has not been marketed extensively in the Atlantic seaboard markets, as the crop is not yet large enough to furnish a regular supply for all the markets of the country. The increase in demand for the fruit in the western half of the country has fully kept pace with the production in California.

The same authority gives the average cost per acre of maintaining a California lemon grove at \$370.86 and the average production at about 25,000 pounds, equivalent to one carload of fruit per acre. Taking the figures of Professor Powell for the years 1903, 1904, 1905, 1906, and 1907 to fix the value of the fruit f. o. b. California, we find an average price during these years of \$696 per car, or a net profit to the producer of \$325.14 per acre.

It is also shown by the Yearbook of the Department of Agriculture that the selling price of lemons has steadily increased during the past five years, being in 1907 from \$850 to \$950 per car. At these figures there would be a profit of more than \$500 per acre to the producer.

Importation.—During the years in question—that is, since 1903—the importation of lemons has not increased. Comparing the same with the California product will be of interest. The figures are from the Yearbook.

Importations.		California shipments	
Year.	Car lots.	Year.	Car lots.
1903-4	6,559	1903-4	2,782
1904-5	5,306	1904-5	4,274
1905-6	5,292	1905-6	3,789
1906-7	6,023	1906-7	3,507

From these figures it is apparent that the consumption throughout the country during the periods named has been from 9,081 annually—about 2,833,000 boxes—to 9,580 cars or about 3,000,000 boxes.

These figures also show that the importations of lemons for 1906-7 is less than it was in 1903-4, while the California shipments have increased in the same comparison over 60 per cent.

If we go back ten years we find the difference even greater.

In 1899 the importations were 2,310,000 boxes, while in that year California shipments were less than 500,000 boxes. In nine years the importation of lemons has fallen from 2,310,000 boxes to 1,944,900 boxes; while during the same period the California shipments have increased from 451,464 boxes to 1,094,184 boxes.

A falling off of the importations of 20 per cent while domestic shipments have increased more than 100 per cent.

It does not require a prophet to determine the final result. Just so soon as California is able to meet the demand her lemons will have entire control of the market, unless the present duty is removed so that the foreign fruit can compete.

Demand.—The above figures prove the increasing demand for lemons, and Professor Powell says (p. 346) :

The demand for the lemon, in common with other fruits, is increasing throughout the country, especially in the growing Central West and West, but the increased demand is supplied to a large extent by the California fruit.

This is still further proven by commercial figures. While the official showing of the Yearbook for California shipments of 1906-7 is but 3,507 cars, the California Fruit Grower, a San Francisco publication, in its October issue shows that the shipments of lemons for the present year have been 4,650 cars.

On September 19, 1908, the paper above referred to said :

Is California slowly, but surely, driving foreign lemons out of the American market?

It then proceeds to discuss the question, and concludes as follows :

But the most popular explanation of the situation is found in the rapid increase in popularity of California lemons and their increased supply. Statistics for purposes of comparison are not easy to find, but it is well known that California is supplying interior markets which formerly came to New York for imported stock. With the fluctuations in the size of the crop, it is difficult to show that while Sicily fruit has fallen off California has advanced; but it is manifest that of late years California's output of lemons has rapidly grown, and that it has somehow been entirely absorbed.

Lemons should be free.—The Republican tariff principle is understood to be twofold: First, to produce a revenue; and, second, to protect the interest of home industries. Such protection should be so graduated that its benefits are equally divided between the capital that establishes, the labor that produces, and the public that consumes. The moment a tariff rate fails to equitably meet these three requirements that moment it becomes unjust.

In the matter of lemons, the past five years have proven: First, that our country is rapidly advancing toward the point where its supply of home-grown fruit will equal and continue to equal all home demand; second, that the profit to the lemon grower is large, far beyond that of the average farmer, and constantly growing; third, that the price of the fruit has steadily risen during five years last past; and, fourth, that such conditions have existed in spite of the importations, which have steadily declined during the same period.

As a result of the continuance of these conditions it is positive that within a very short space of time foreign fruit will be entirely driven from the market and the price of the home-grown product—already so high as to net a return of nearly, if not quite, 100 per cent upon the investment and cost of labor annually—will so advance as to prohibit the liberal enjoyment of the same by the great masses of the people, thus seriously and unjustly affecting the consumer.

To avoid this result, at least for some years to come, Congress should place lemons, and oranges as well, upon the free list, so that they may remain within the reach of the laborer and his family, that mighty body known to the public as "the consumer."

Within the past two years our neighbor to the north, Canada, has removed all duty upon lemons, while Russia has reduced its duty upon the fruit two-thirds, both countries acting for "the benefit of the people."

If the lawmakers in a constitutional monarchy, and as well in an absolute monarchy, find themselves moved to act for the betterment

of those over whom they rule, how much more is it the duty of our lawmakers, chosen from the masses, being consumers themselves and representatives not of a vested power, but of an independent people, to protect that people and to benefit the entire body of consumers by equally popular and just action.

G. R. SCHROEDT, *Secretary.*

E. MARIANI, *Vice-President.*

STATEMENT OF PHILIP S. SAITTA, 258 BROADWAY, NEW YORK CITY, IN FAVOR OF REDUCTION OF DUTY ON LEMONS.

THURSDAY, *November 19, 1908.*

Mr. SAITTA. Mr. Chairman and gentlemen of the committee, I represent the fruit importers and dealers in New York.

A great deal was said yesterday in reference to the cost of Italian lemons, and I would like as briefly as possible, in a few words, give you the facts as to what the cost of lemons is in New York City.

Lemons have never been landed in New York to my knowledge, with an experience of fully twenty-five years, at less than \$2.40 to \$2.45 per box. The freight, stated yesterday to be 25 cents, has never in my experience been less than 30 cents, 1s. 3d., English money, thereby making it 30 cents per box.

Mr. CLARK. What was that first statement?

Mr. SAITTA. That lemons can not be landed in New York, including the duty, at less than \$2.40.

Mr. CLARK. Including the duty?

Mr. SAITTA. Yes, sir; and that is, I may add here, not only for the best quality of lemons, but half of the firsts, as they are called in the trade, and half of the seconds. The freight, as stated, is 30 cents. The duty is 80 cents, and then there is also a duty upon the shook of 15 per cent if it is of American make and 30 per cent if it is of Italian make. They make it invariably 15 per cent, although the material from which they make the boxes comes from this country, especially from Maine—a kind of wood that is not used for any other than that specific purpose. They have to mix that wood with Italian wood, and therefore it pays an additional 15 per cent. The total duty is in the neighborhood of 82 to 85 cents a box. The actual cost of lemons in Italy during the cheapest time of the year, which is between the months of December and March or the early part of April, is 4s. 9d. per box, English money. Plus the freight and plus the duty, lemons can never be landed in New York City at a less price than \$2.42 a box, and that is only periodically and at certain times of the year when lemons are the cheapest, as stated before, between December and March, but later on, in April, lemons advance, owing to the enormous demand of the European market, from 4s. 9d. to 6s. 6d., and sometimes 7s., for the months of April and May. After that there is another advance during June, July, and August to at least 8s. 6d. and 9s. 6d. per box, making the cost here in New York during the winter months \$2.45, during the months from March to June about \$2.75 to \$2.90 per box, and during the months from June to October about \$3 to \$3.50 per box.

You gentlemen can readily see, according to the comparison of our California friends, that they can make a fabulous profit even at the price quoted by them, \$2.32, for laying down their lemons in the New York market.

There are a great many things to be taken into consideration. One is that during the winter time the California people do not dare risk bringing lemons to the eastern market, for the reason that it is dangerous for them to bring the lemons there owing to the cold weather, and they can not get heated cars in which to bring them. Therefore they keep away as much as possible from the eastern market, but during the other times lemons from California come into the New York market and command a price all the way from \$3 to \$5 a box. California lemons generally sell in the New York market or elsewhere at from 75 cents to \$1.50 a box more than the Italian lemons can sell for, except the Majori, which comes from the neighborhood of Sorrento, Italy. That lemon comes the nearest in appearance to the California lemon, and it sells very high, but no lemon can compare with the California lemon, owing to its beautiful appearance. It is perfect. It goes through a certain process that makes it clean and beautiful, and owing to its beautiful shape it attracts the eye. It is used by the best class of people. On the other hand, the Italian lemon is used by the poor element. The American of wealth does not care whether he pays 25 cents or 50 cents a dozen for lemons.

The CHAIRMAN. Please do not spend so much time on that subject. We have the names of 36 persons on the list to be heard to-day, and there will probably be a number of others. Please confine yourself to the facts and not to an argument as to whether or not the price should be lower to the poor people.

Mr. SAIITA. The only matter I want to explain to you is the matter of how the lemon is sold. For instance, the Italian lemon is sold for 1 cent in New York, and that to the poor people is certainly an advantage.

The CHAIRMAN. Lemons at 1 cent apiece are a great deal better than lemons at 5 cents apiece to either the poor or rich.

Mr. SAIITA. With some people.

Mr. BOUTELL. How much does the duty on one lemon amount to?

Mr. SAIITA. There is an average of 330 lemons to a box, and of course in the summer time they ship a smaller lemon, possibly 420 to 520 in a box.

Mr. BOUTELL. About one-eighth of a cent under the present duty?

Mr. SAIITA. The present duty would be a little more than one-eighth; one-third, not quite one-third.

Mr. BOUTELL. It would be less than that. How much would that cheapen the lemon?

Mr. SAIITA. The question is this: The lemon on the other side, as stated to you, costs more than the California lemon, and we can not compete with California. Therefore California has nothing to fear even if the duty is taken off or reduced to the original amount, what it was some years ago.

The CHAIRMAN. But you do compete and take the greater part of the market?

Mr. SAIITA. The only question is this: The reason we take the bulk of the market is because California can not produce them; they have not the stuff to supply the poorer people, and if a heavier duty

is placed on the goods, who is going to suffer? They can not go to California and ship oranges for lemons, and they have not the lemons. If California had the lemons to send into the market you would not need to put a cent of duty on them; they would drive out the foreign lemons themselves.

The CHAIRMAN. You can not compete on oranges?

Mr. SAITTA. We can not compete on lemons, and you will see the time when California lemons will drive out the Italian lemons, and that time will not be many years in coming.

Mr. UNDERWOOD. In brief, you contend that the only reason that the California people do not control the New York market is because they have not sufficient lemons?

Mr. SAITTA. Yes, sir; the only time when they ship lemons to New York is when they want to try to discourage the Italian people from sending their lemons to New York. If they had enough lemons to supply the demand they would not need to do that, they could sell them the same as they do the oranges. For instance, last week they shipped into the New York market—when the market was \$4 and \$4.25, when they saw that there was a steamer coming to the city of New York—they sent 25 cars and broke the market \$1 a box. They do not want the Italians to ship lemons to this country. If they do not ship the price of lemons will go up. Lemons are perishable, and the price will go up every day from 25 cents to 50 cents, and they would reap the benefit, because there are no goods in the market. Instead of \$3.50, \$4, \$5, or \$6, I have seen the time when the California lemons brought \$7 a box, the same as oranges. California oranges to-day sell at from \$4 to \$5 a box, whereas Porto Rico oranges are selling, and I sold them myself the other day, at from 90 cents to \$1.40 a box. There is no duty on the Porto Rican product, and it is a good orange, only it does not compete.

The CHAIRMAN. The five minutes you asked for expired long ago. You said that you wanted to talk on lemons for five minutes, and you have been talking much longer than that. Please get down to the facts.

Mr. SAITTA. I would like to say a few words in reference to labor. It has been stated that labor on the other side is cheap. Labor in Europe is not cheap. Labor has advanced from 2 lire to 5 lire a day. In addition to that, the work of one man in this country equals the work of two men on the other side.

Mr. UNDERWOOD. You say that the work of one man here is equal to the work of two men there?

Mr. SAITTA. Yes, sir.

Mr. UNDERWOOD. Will you please state how you have determined that fact?

Mr. SAITTA. My knowledge is from actual experience. You take an Italian, for instance, accustomed to the climate there, and he will not work during the very hot part of the day. Furthermore, the food they eat is much heavier and makes them lazier. Second, they have not the smartness and the quickness of the American people and they do not accomplish what the American people can accomplish. Third, the scarcity of labor there now, which is caused by the enormous immigration to this country. Last year, when I was in Europe, it was hard to get a man to do a day's work; we could not find any. This year there are probably more, because a great many people have re-

turned to Europe. They are gradually coming back, however, because you can not keep them there if they have once been in this glorious country.

Mr. CLARK. You say that the Italians eat heavier food than we do?

Mr. SAIITTA. I mean by heavier food that they drink a little wine. That makes them a little stupid. They eat more food cooked with oil and things of that kind, which makes the food heavier.

Mr. CLARK. I thought we ate more food than any people on earth?

Mr. SAIITTA. There is no question about that.

Mr. CLARK. How is it that when you bring an Italian over here that then he works better?

Mr. SAIITTA. The climatic conditions are different. It is not so hot and he works better.

Mr. CLARK. How many hours a day do they work over there?

Mr. SAIITTA. They have their union. The time used to be from sunrise to sundown, but they do not work that way any more.

Mr. CLARK. How many hours a day do they work?

Mr. SAIITTA. I think it is nine hours.

Mr. CLARK. And how many hours do they work here?

Mr. SAIITTA. Eight hours.

Mr. GAINES. What compensation do they get over there?

Mr. SAIITTA. From $4\frac{1}{2}$ to 5 francs a day, about 90 cents.

Mr. GAINES. What is the compensation here?

Mr. SAIITTA. It varies. The Californians claim that they pay \$2. I have been in California and I know that they can get labor cheaper than that.

Mr. CLARK. An Italian in Italy or Sicily can pick as many lemons in a day as an Italian in California or Florida can?

Mr. SAIITTA. Hé might.

Mr. CLARK. They have the very same kind of labor in Florida and California as they have in Italy?

Mr. SAIITTA. No; the farmers in Italy will not work as good as the American people.

Mr. CLARK. What I am trying to find out is what happens to an Italian from the time he leaves Italy until the time he strikes America that makes him a better laborer in the United States than in Italy?

Mr. SAIITTA. It is the climate and the mode of living.

Mr. CLARK. The climate is no different in Florida and California, where they raise the lemons?

Mr. SAIITTA. But there is a difference in the conditions and the mode of living.

Mr. CLARK. How much is a lire in our money?

Mr. SAIITTA. About 20 cents.

Mr. CLARK. They used to get 2 lires?

Mr. SAIITTA. Yes, sir.

Mr. CLARK. That was about 40 or 45 cents?

Mr. SAIITTA. Yes, sir.

Mr. CLARK. Now they get 5 lire?

Mr. SAIITTA. Yes, sir.

Mr. CLARK. Do you know that?

Mr. SAIITTA. Positively.

Mr. CLARK. That makes over a dollar a day that they get in Italy?

Mr. SAIITTA. From 90 cents to \$1.

Mr. CLARK. Why do they not stay in Italy?

Mr. SAIITTA. A great many of them do, but they can do better here.

Mr. CLARK. They can not do very much better here if they are getting those large wages there?

Mr. SAIITTA. That has only been of late years.

The CHAIRMAN. Do women work in the orange groves in Italy?

Mr. SAIITTA. Yes, sir; some of them do.

The CHAIRMAN. How much do they get?

Mr. SAIITTA. Not so much as the men.

The CHAIRMAN. How much?

Mr. SAIITTA. About 50 cents.

The CHAIRMAN. Do children work there picking lemons?

Mr. SAIITTA. No, sir.

Mr. CLARK. You do not undertake to say that the women working in the fields only get one-half of what the men get?

Mr. SAIITTA. You must understand that one man will get 3 lire and another man will get 5 lire. A man who packs lemons has to be an expert, and he gets more money than the man who picks lemons.

Mr. CLARK. What we want to ascertain is what common laborers get in Italy. I am not talking about skilled laborers, but common foreign laborers.

Mr. SAIITTA. There are two classes—one that carries the fruit and the other that packs the fruit.

Mr. CLARK. What does the man get who picks the lemon off the tree? That is very simple work.

Mr. SAIITTA. From 3 lire to 3½ lire a day.

Mr. CLARK. How much is that?

Mr. SAIITTA. Sixty to 70 cents. A man who packs lemons will get 90 cents.

Mr. CLARK. He is a sort of a skilled laborer?

Mr. SAIITTA. Yes, sir. Of course he has to be a man who understands his business, because the Italian lemons do not run in uniform sizes.

The CHAIRMAN. What do the other laborers in the field there, besides those who pick lemons, get?

Mr. SAIITTA. They get about the same amount.

Mr. CLARK. There is another question that I would like to ask you. What is the difference in the cost of living in Italy and in the United States to one of these laborers, if you know?

Mr. SAIITTA. It depends on who the person is. An Italian there of the poorer class can live very cheaply, because he does without a good many things which in this country the people will not do without. Moreover, they only eat two meals a day over there, as against three meals here. In the morning the poorer class will not eat until 11 o'clock, and then they have their dinner some time during the afternoon.

Mr. CLARK. I thought you stated about ten minutes ago that they ate heavier food.

Mr. SAIITTA. I mean a heavier quality of food. For instance, a man will eat a great mess of beans or lentils and use a great deal of olive oil and wine.

Mr. CLARK. Now, that does not make them feel heavier than a great big piece of bacon, does it?

Mr. SAIITTA. I do not know.

Mr. CLARK. What I want to ascertain is how much is the difference to an Italian laborer who is employed in the simplest kind of labor, the one who picks these lemons off the trees and does that sort of work, how much is the difference between his cost of living and the American laborer who does the same kind of work?

Mr. SAITTA. An American will probably live up to all he earns.

Mr. CLARK. I am not asking you that? Do you know what the difference is?

Mr. SAITTA. They use up every dollar they earn.

Mr. CLARK. How much does it cost the American laborer and the Italian laborer, if you know?

Mr. SAITTA. I do not know the difference between the one and the other.

Mr. CLARK. Then, I will withdraw the question.

Mr. BOUTELL. For whom do you appear?

Mr. SAITTA. I appear for the importers and the buyers, the dealers who buy the fruit at wholesale.

Mr. BOUTELL. What they call jobbers?

Mr. SAITTA. Yes, sir; jobbers.

Mr. BOUTELL. I do not quite understand what difference it makes to you whether lemons are \$2.45 or \$2.65, or whether California lemons are more or less than Italian lemons; you handle them at whatever price they are?

Mr. SAITTA. If the duty is increased the Italian lemons can not come to this country, and the importers will have to go out of business.

Mr. BOUTELL. Would they not handle the California lemons?

Mr. SAITTA. No; because those lemons are handled direct.

Mr. BOUTELL. Do you know how oranges are handled?

Mr. SAITTA. Yes, sir.

Mr. BOUTELL. Yesterday I telephoned to two groceries here in Washington for some oranges and they both gave me the same answer, that they had only two kinds, California and Florida oranges, and they said that the Florida oranges were 60 cents a dozen and the California oranges \$1 a dozen. In view of the testimony we have had here, I would like to know where the profit comes in between the price at which these oranges are sold and the price which the ultimate consumer, the man who eats the orange, has to pay?

Mr. SAITTA. Oranges vary, for instance, in size from 96 up to 200 about this time of the year, and the difference in the size makes the difference in the price, and there is also a difference in the quality. A good California orange running from 126 to 150 would bring from \$4.50 to \$5 a box.

Mr. NEEDHAM. How can you say that when the trade journals give the price at \$2 a box?

Mr. SAITTA. California oranges?

Mr. NEEDHAM. Yes, sir.

Mr. BOUTELL. This man stated that the California oranges he had ordered from New York by telegraph and that they cost him \$7 a box, the oranges which he was retailing here at \$1 a dozen.

Mr. SAITTA. I know that the week before last oranges sold at \$7 a box at auction.

Mr. BOUTELL. This committee wants to know where the profit is?

Mr. SAITTA. The profit goes to the growers and the retailers.

Mr. BOUTELL. Well, the profit does not go to the growers, according to any testimony presented here.

Mr. SAITTA. The matter has not been presented in a way so as to give the actual facts. For instance, the California people claim that they make no profit on lemons. That is not so. I know one instance in California where a man bought a ranch and paid \$10,000 for it, and inside of two years he had paid for that ranch and had money left. All he invested was \$10,000 and the ranch cost \$110,000. In two years he made more than the \$10,000.

Mr. HILL. On page 477 of the hearings you will notice that Mr. Call stated that it costs \$1.48 to put a box of lemons on the cars in California. Do you consent to that statement?

Mr. SAITTA. I do not think it costs that much.

Mr. HILL. He also stated that it costs 75 cents a box to put the foreign lemons on the boat to be shipped to the United States.

Mr. SAITTA. That is positively not so.

Mr. HILL. What does it cost?

Mr. SAITTA. To put a box of lemons at this time of year on the boat?

Mr. HILL. I mean the average.

Mr. SAITTA. About \$1.20 to \$1.25. In that case I can submit to you gentlemen proof to your entire satisfaction—positive proof.

Mr. HILL. You claim, then, that the difference in cost in favor of Italy is 28 cents; that is, \$1.48 as against \$1.20?

Mr. SAITTA. That only means seconds as against all firsts for California.

Mr. HILL. He claims that there is a difference in cost of 73 cents.

Mr. SAITTA. That is not true.

Mr. HILL. A box of lemons will weigh about how much?

Mr. SAITTA. About 82 to 83 pounds.

Mr. HILL. And the tariff now is 83 cents?

Mr. SAITTA. Yes, sir; about 1 cent a pound.

Mr. FORDNEY. You heard Mr. Call's statement yesterday, did you?

Mr. SAITTA. Yes, sir.

Mr. FORDNEY. That there was practically no profit on lemons and that they were turning the lemon groves into orange groves?

Mr. SAITTA. The reason for that is they are afraid of the frost.

Mr. FORDNEY. No, sir. He either did not state the facts or he did not know what he was talking about.

Mr. SAITTA. He certainly must have been misinformed.

Mr. FORDNEY. He is a lemon and orange grower, and yet did not know what he was talking about?

Mr. SAITTA. I know that the California lemons bring \$1 more than the Italian lemons.

Mr. FORDNEY. Then he was not right?

Mr. SAITTA. No, sir; and I can prove it to you. I can prove it by any amount of evidence.

Mr. CLARK. I wish you would file a brief covering all of those facts.

Mr. SAITTA. I will file with the committee all of the facts as to the actual sales of lemons in New York, what they have sold for in New York each week or month for one or two years, as you desire.

Mr. CLARK. A year and a half or two years will answer our purposes.

Mr. SAITTA. I will gladly do that.

**PHILIP S. SAITTA, NEW YORK CITY, SUBMITS SUPPLEMENTAL
STATEMENT IN BEHALF OF LEMON IMPORTERS.**

NEW YORK CITY, *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As promised, I submit to you, gentlemen, some points regarding lemons and their cost, on behalf of the lemon importers and dealers, and on their account wish to present to you, gentlemen, some facts regarding the importation of this much-needed fruit.

Lemons are an absolute necessity to the people of this country, and, in fact, to the world at large; therefore it is the duty of this Government to see that such necessity is protected from selfish and grasping people.

The California growers, who have become immensely rich through the raising of oranges and lemons, are now attempting to further enrich themselves, regardless of the sufferings of millions of poor people, whose only relief in the hottest of summer days is a glass of lemonade, while they who are wealthy can sojourn at the seashores, without regard to the suffering ones. The California people are not seeking protection because they can not compete with foreigners; they are seeking more protection so as to entirely bar foreigners from shipping to our shores, and thus acquiring an absolute monopoly, in order that they may be able to command whatever price they may please. The California lemon is a lemon much finer and prettier than the Italian lemon, and always commands from 75 cents to \$1.25 per box more than the imported article. It is bought entirely by the better class, more especially since the actual production of this country is only one-third the required demand.

If you gentlemen should cause additional duty to be imposed, where are we going to get the other two-thirds to supply our people with?—because foreign importers in the lemon business are nearly bankrupt now, and unless some relief shall be granted to them they will sooner or later meet their downfall, and the consequence will be that large plantations in Sicily will be cut down to be replaced with something else. That would surely mean that the price of lemons would easily reach three times that of the present day, in which the California people are making over 100 per cent profit. This I will demonstrate to you from the figures given by Mr. Call, of California, to you gentlemen and from actual facts and sworn statements of the foreign importers.

Foreign lemons, as you gentlemen can see by Exhibit A, cost to land in New York City an average of \$2.80 per box. California lemons, as claimed by the California people, cost them landed at their farthest eastern point \$2.20 per box; importers must therefore sell their goods at more than \$2.80 per box, their actual cost, in order to make a profit; and, as already stated, California lemons will always sell for 75 cents to \$1.25 per box more, but, for the sake of comparison, let us say 75 cents per box more (which, however, is far below the average); it will clearly show you gentlemen that California will sell for at least the cost of Italian lemons, \$2.80, plus 75 cents, making \$3.55 per box. From the Californians' own statement, \$2.20 is the cost, including freight; the freight is 85 cents; that leaves the

actual cost of the lemons f. o. b. California at \$1.35 per box; now, from the price realized, namely, \$3.55 per box, deduct the freight of 85 cents; that will leave the sum of \$2.70 per box, double the cost f. o. b. California. In other words, the fabulous profit of 100 per cent is realized by them at their most remote point of sale and where competition is the keenest, namely, New York.

Now, what about other vast markets near to their home where freight is lighter and competition beyond question? The cost price, \$2.80, for foreign lemons is for lemons landed at the pier, New York City. Consequently, as soon as any attempt is made to remove a box of lemons from New York to even a near-by place, it will necessarily add to its cost, between cartage and freight, from 30 to 75 cents per box, making lemons of foreign countries, which although not so preferable as the California lemon by 75 cents at least, cost from \$3.10 to \$3.55 without any profit whatever, so that the California growers, who are in a position to deliver from their farms right to destination, can deliver to near markets lemons which cost them less than it would cost to deliver to New York City and still get a price from 30 to 75 cents higher than they can get in New York City, making their profit nearly 200 per cent, or greater than the profits of the Standard Oil Company.

So, gentlemen, if these people who are crying poverty while their clothes are lined with gold, and claim they only make 4 and a fraction per cent profit under existing circumstances, what would they do if they had the people at their mercy, when only one-third the required amount of lemons is produced in this country? The rest I will leave to you gentlemen to work out for yourselves, but one thing is positive, and that is, if the Italian lemons are driven from the markets of this country, you gentlemen will cause California lemons, which are selling now for from \$3.50 to \$4 per box, to sell at over \$10 per box, and put this much-required necessity beyond the reach of the poor class. I believe in protection, providing it is carried on in its true terms—protection to protect home industry from foreign invasion to the extent of allowing our people to produce the same article at a fair and honest profit—but when people come to you and by misstatements (such I may call them, otherwise the statistics of Prof. G. Harold Powell, are not correct or the sworn statements are rank perjury), it is time that this country shall awake and correct the great wrong which has been imposed on the public by the placing of such a prohibitive duty as the California people, under color of protection, caused to be placed on lemons by the Dingley Act, of 1 cent per pound, or almost 83 cents per box, and lemons if not placed on the free list, be dutiable at 25 cents per box at the most, the same as before the Dingley Act was passed. Even then, by a careful computation, you gentlemen will see that competition with the California growers by foreigners is impossible, as the difference in the quality is sufficient to protect the California growers and with a reasonable duty they would still make from 50 to 60 per cent in New York City and fully 100 per cent at places near to their homes on their product.

Besides the above facts there are many very serious questions to be taken into consideration. California lemon growers have made rather slow progress with lemons for many reasons: First, because originally a California lemon had little or no resisting qualities, and would

easily decay; that fact caused them to be cautious, and through many experiences they have succeeded now in keeping them much better, but still a California lemon will not keep one-fifth the time that an Italian lemon will. Second, a lemon tree takes a great deal longer than an orange tree to get to a good bearing point, usually over seven or eight years, and many things, such as frost, etc., may occur to retard its growth. Third, lemons are more delicate than oranges, and in many places in California they will not be able to raise them at all on account of frost, and in many of the places in which they grow them now they are forced to plant them between high trees and often have to use oil stoves to keep the frost away; and, again, there are certain times of the year when California has little or no lemons at all. Where would we get our supply from at such times? And, fourth, should at any time a severe frost take place, which has heretofore occurred and is beyond the power of man to prevent, what would this country do for lemons if Sicily should be compelled to replace her lemon trees for something that will be more profitable to her? This is something that requires serious reflection, as the loss of such an absolute necessity would cause untold suffering and privation.

The California people claim that lemons can be landed in New York City (duty paid) for \$1.62 per box. This will be found to be absolutely unfounded, from the sworn statements hereto annexed; and if they have made misstatements as to one thing, gentlemen, you can readily see that they will stretch their conscience as to others. It must be remembered that land in Italy is very heavily taxed; that labor, owing to the number of emigrants that leave Italy, has become high, and is to-day double what it used to be; also that many of the returning emigrants have put new ideas into the farmers' heads, so much so that unions exist there now as well as in this country; that the laborers or mechanics will not work but eight or nine hours per day, and not, as before, from sunrise to sundown. Further, the climatic conditions are such that the work of one day by a man in this country equals that of two men in Sicily; the fruit there has to be carried for great distances, and many other conditions exist which contribute to make the price high. The freight here, as you will see from facts and not talk, is over 30 cents, and then the boxes must be carted from the piers. The boxes or "shooks," as they call them, are also expensive, because a large quantity comes from this country—the State of Maine. The wood is a kind of spruce of which no other use can be made, and is a source of great revenue to that State, which otherwise would be wiped out.

Why do not Californians make the same contentions as to oranges? Simply because they can not hide the fact that they control the world and have reached their highest state of development, and they know they can not better themselves, but with lemons they think differently. With ability to supply only one-third of the required amount, they are out for big game, because the price, under their absolute control, could easily be doubled or quadrupled and the whole country would be at their mercy. Oranges should be free and lemons also, but at the utmost with a duty of not more than 25 cents per box. You can draw the same conclusions on the question of importation of lemons as on oranges. California oranges are now selling from \$4 to \$5 per box and sold all summer for from \$5 to \$7 per box, while other oranges, such as Porto Rico oranges,

to-day are selling from 90 cents to \$1.30 per box; Mexicans, with 80 cents duty, from \$1.40 to \$2.20 per box. A Mexican orange is a very fine orange and sweet, so you see that the California fruit, being so much superior to any other, needs no duty to protect it; it protects itself on account of the finer quality and is sought by all in preference to the imported, and therefore commands a higher price. This is admitted by the California people, but California oranges to-day are a luxury and can be bought only by the better class. Nevertheless, California growers sell all they can grow, while at the same time the poorer classes are in a position to obtain oranges even though the Californians are out of their reach without in any wise interfering with the California growers. California fruit is so much superior that the growers can afford to ship it to England and France, and after paying enormous freight and refrigerator charges, can compete with other foreigners in free-trade ports and make good profits, as the fruit sells for higher prices to great advantage.

I herewith submit statements showing actual sales of California lemons in New York at public auction (which is the way all lemons are sold), and also the quantity sold and a comparison with Italian lemons during the same period. Also statements from persons who know the actual cost of California lemons and also what California lemons are sold at outside of New York. Also affidavits showing that often when New York markets are high California people will unload large quantities for the purpose of lowering the market, or flood it with California lemons, although they may have to make a sacrifice in taking them away from markets in other parts of the country, in order to break the New York market and discourage importers from bringing lemons to this side, since they can easily break the market without incurring any loss whatever, and, on the other hand, cause large loss to the importers, as, for instance: Californians, who keep a close watch on importations of lemons, as soon as they discover that a large shipment is in transit, can arrange it from their distributing point in one or two days before the steamer with the consignment from Italy arrives, divert a large quantity of California lemons from other markets to the New York market, which buyers are eager to get, and can lower the market by an overflow of superior fruit to such a point that, although they may sell at \$2.75 or \$3 per box, they would still make from 50 to 75 cents per box net profit, while, on the other hand, the importer, whose fruit will only fetch fully 75 cents per box less than California, can only get from \$2 to \$2.25 per box, thus entailing a loss of from 50 to 75 cents per box. This naturally discourages importation, and California shippers have the control of the market, as the supply is thereby limited. You can therefore see the folly of requesting a higher duty, when, as shown, the duty should be entirely removed.

California people, under color of protection, are aiming for more millions in money, and not protection. If the prohibitive duty on lemons is not modified, they will sooner or later have all the markets of the United States at their mercy, and then, instead of making a profit as now of at least 100 per cent, they will make a profit of four or five hundred per cent, which you can readily see will mean to them from five to six million dollars' profit.

The Californians in their memorial attempt to give facts and figures, but in their attempt clearly disclose the weakness of their cause,

which can easily be seen by any person of intellect. They firmly agree that lemons are a necessity; they firmly agree that they can produce better fruit; they admit that a box of lemons costs them \$1.41 per box f. o. b., including a claim for enormous expenses; but they do not tell you of their vast facilities in cultivating their land with improved implements and scientific methods as against old-fashioned and hard-working methods employed by foreigners, or what they sell their fruit for. Californians through their scientific treatments are able to use nearly all of the lemons grown on the trees, and by a so-called "washing" process make them beautiful in appearance; while, on the other hand, Italians can not use 25 per cent of their crop, because they can not treat their lemons with this process, as otherwise they would be all decayed before their arrival in this country. This necessarily adds to the cost of production in Italy, as 25 per cent of the crop is sold for cutting-up purposes for very little money.

As to the question of refund duty, importers have attempted to get back duty on decayed lemons, but so far the importers have nothing but promises. However, this is a foolish comparison for California people to make, because as soon as a box of lemons contains 20 per cent of decayed lemons its market value decreases to such an extent that it can not be sold for one-half of what it actually costs, as goods in that condition will be bought only by peddlers for immediate use. So, assuming that even the duty may be returned, it will still cause a big loss to the importer, as the price realized for goods in that condition is very small.

On Wednesday, November 18, 1908, a table of the cost and profit is given by the Californians. I especially call your attention to the actual cost of oranges, according to their own figures, of \$1.05 per box, and still they desire us to believe that they only make less than 5 cents per box and ask for protection. How do they account for the fact that oranges from the early summer to the present time have averaged nearly \$5 per box in New York? Adding 85 cents freight and 5 cents profit to their own price of \$1.05 makes a total of \$1.95. Who gets the remaining \$3.05?

Gentlemen, in this equitable appeal the Californian people failed to come to you with clean hands. You do not need my comparisons to know that they must make fabulous profits. You all buy oranges, and I doubt whether any of you have in the last six months been able to buy oranges less than 75 cents per dozen at the very lowest. If the retailers could get oranges for \$1.95 per box, or rather at an average price of about $1\frac{1}{2}$ cents each, surely they would not get 6 cents apiece for them, as competition would prevent such prices, as retailers seldom make or expect to make more than one-fourth to one-third profit on their goods.

The letter from the American consul embodied in their memorial clearly shows that he does not know what he is talking about, because if he is not familiar with freight rates, he certainly is less familiar with inland matters. The freight is nearly 31 cents and not 24, as shown by the inclosed affidavits. As to Mr. Triolo, of California, I can also say that he does not know the true facts as to freight and labor. Freight has never been 1s. 4d., but always 1s. 3d. and no rebate, but on the contrary we must pay wharfage here on fruit re-

maining a certain number of days on the dock. As to labor, he is also much mistaken, as labor to-day is from 60 to 100 per cent higher than ten years ago, but as to this Mr. Triolo frankly says that he is not certain as to the rate of wages at the present time.

On the same date as above the California people again attempt to give figures, but in doing so they only state what the fruit cost in California, but not what they sell it for. Again, in the testimony they attempt to show the retail prices of oranges and lemons and quote the Catskill Daily Mail as quoting that lemons, on the 2d day of April, were retailing for 6 cents per dozen. I defy the California people to prove any such fact. Said lemons last April, the cheapest that could be bought in the New York market, were \$2.75. As the rate of 6 cents per dozen means one-half cent each, or at an average of \$1.68 per box, surely there is not in this great country any living fool who would be likely to buy lemons at \$2.75 per box, plus freight of about 50 cents per box, total \$3.25 per box, and sell them at retail for \$1.65 per box. If by chance the article referred to should mean California lemons, you can easily add 75 cents more per box, as California lemons always bring that much more than the Sicilian lemon, making the quotation beyond all doubt absolutely untrue.

The whole question narrows down to a fine point. Mr. Call presents a letter from the American consul which plainly shows that that gentleman is not thoroughly posted on the subject, and if mistaken on one subject, is led into error on another.

Mr. Triolo, who claims to know so much, frankly admits that he speaks of his experience of ten years ago. This we compare with the statements and tabulated figures carefully gathered by the Hon. G. Harold Powell, Pomologist of the Department of Agriculture, in the Yearbook of the department of 1907, in which, after very careful study and preparation, he gives his figures in a thorough and systematic manner, and shows that an acre planted in lemons will produce an average of between \$850 and \$950, while on the other hand the actual cost of the cultivation, including everything, amounts to \$378.86, leaving the fabulous net amount to the grower, taking an average of \$900, of \$524.14.

This plainly shows that my figures of 100 per cent profit are even far below the calculation of Professor Powell, because an acre will only produce 300 boxes of lemons, giving a fabulous profit of \$1.71½ per box; cost is \$1.23, according to Professor Powell, and not \$1.41, as maintained. Therefore, then, either Professor Powell is not competent or they have misstated the cause.

To show the damage which has already reached many innocent interested people in this country, I respectfully call your attention to the fact that prior to the Dingley Act going into effect, and the duty raised to the present outrageous amount of 1 cent per pound, in the State of Maine there was upward of seven mills which manufactured shooks for the lemon business, and that since said act went into effect their business has been reduced from between 4,000,000 and 5,000,000 boxes to about 2,000,000 boxes, and from seven mills only one exists to-day—the T. J. Stewart Company (who are authority for this statement). What right have the California people, under color of protection, to drive honest people from their sister

State out of business? Facts show that they need no protection, and I ask that our honest appeal for a lower lemon and orange tariff be granted.

Respectfully, yours,

PHILIP S. SAITTA,
For Fruit Dealers and Importers of New York.

EXHIBIT A.

STATE OF NEW YORK,

City and County of New York, ss:

We, the undersigned, importers of lemons for a number of years past, some of us having been in said business for upward of twenty years, being duly sworn, each for himself doth depose and say that the average cost price of lemons and the quantity imported into the United States and sold by us on behalf of consignors for the years 1907 and 1908, together with the expenses of importation to the city of New York, are as follows:

During the year 1907 the average cost per box of lemons f. o. b. Palermo and Messina, Italy, was 8s. 3d., equivalent in United States currency to \$2. During the year 1908 the average cost per box, f. o. b. Palermo and Messina, Italy, was 6s. 8d., equivalent in United States currency to \$1.60, provided the lemons were of good merchantable quality; 50 per cent of the quantity imported being 300's, 40 per cent of the size known as 360's and 10 per cent of the size known as 500's, meaning that there were that many lemons in a box.

The average cost of importation on these boxes of lemons during said two years was as follows:

	Per box.
Average duty-----	\$0. 76
Duty on shooks-----	.05
Freight-----	.30
Wharfage, average-----	.02
Marine fire insurance-----	.02
Labor on the dock-----	.02
For banking commissions-----	.02
Auction charges, average-----	.08
Total cost of importation, etc-----	1. 27

Making the average cost per box during the year 1907 \$3.26 and the average cost per box during the year 1908 \$2.86.

We further swear that the quantity imported by us during said years was as follows:

	Number of boxes.
1907:	
Brucato Brothers Company-----	200, 500
Frank Zito-----	345, 061
Dominici Brothers-----	94, 000
E. Sciortino-----	120, 000
	<u>759, 061</u>

1908:	Number of boxes.
Brucato Brothers Company-----	199, 000
Frank Zito-----	283, 573
Dominici Brothers-----	131, 261
P. W. Saitta-----	234, 112
P. Sciortino-----	75, 000
G. Cavallaro-----	70, 000
	992, 946

BRUCATO BROTHERS CO.,
 By G. M. CATO, *President*.
 FRANK ZITO.
 DOMINICI BROTHERS.
 P. W. SAITTA.
 P. SCIORTINO.
 G. CAVALLARO CO.

Sworn to before me this 18th day of December, 1908.

[SEAL.]

PHILIP S. SAITTA,
Notary Public.

EXHIBIT B.

STATE OF NEW YORK, *city of New York, county of New York, ss:*

We, the undersigned importers of lemons, doing business in the city of New York, being severally duly sworn, each for himself doth depose and say: That the average price of Palermo and Messina lemons imported into the port of New York during the year 1907 was \$3.25, and that during the year 1908 the average sale price was \$2.70 up to the present time; that California lemons of the same standard sold during the same period in 1907 at an average of 50 cents to \$1 per box higher than the imported lemons, and during the same period in 1908 at an average price of fully 50 cents to \$1 per box higher, the reason therefor being that the California fruit presents a finer appearance.

B. SCIORFINO.
 G. CASS MAIRLY.
 FRANK ZITO.
 DOMINIC ERODUT.
 H. M. CATO.

Sworn to before me this 18th day of December, 1908.

[SEAL.]

PHILIP S. SAITTA,
Notary Public.

MAINE MANUFACTURERS OF BOX SHOOKS WISH REDUCTION OF DUTIES IMPOSED ON SICILIAN CITRUS FRUITS.

NEW YORK CITY, *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In behalf of the manufacturers of box shooks in the State of Maine I have the honor to present their urgent petition for

the reduction of the duty at present levied upon Sicilian oranges and lemons, but especially lemons.

It is doubtless well known to the committee that all the shooks which go to make the boxes in which these lemons are brought to this country are manufactured in the State of Maine. For a number of years this has been an industry employing a large number of hands and an investment of upward of \$3,000,000 of money.

The return for the same has been satisfactory, until within the past five years, when the trade began to fall off, with the result that a portion of the five big mills interested in the production of shooks were obliged to close down.

The present interests are being conducted upon the closest possible basis. Any falling off in the trade which would result in a lessening of the demand for box shooks would result in a closing down of the business, as it could not continue except for the purchases of the lemon trade.

It is one of the smaller interests which go to make up the great manufacturing supremacy of the United States; it is a business which can be carried on just as long as lemons from Sicily are imported and no longer, and your petitioners present to you the fact that any increase of the duty upon lemons, which your informant advises it is understood is contemplated, will result in the absolute destruction of the business of your petitioners.

Yours, respectfully,

FRANCIS E. HAMILTON,
Representing Box Shook Manufacturers of Maine.

**G. M. CURTIS, CLINTON, IOWA, THINKS THAT CITRUS FRUITS
NEED ADDITIONAL PROTECTON.**

CLINTON, IOWA, *December 14, 1908.*

HON. SERENO E. PAYNE,
Washington, D. C.

DEAR MR. PAYNE: There has recently been before your committee gentlemen representing the Citrus Protective League of California, urging that the present duty of 1 cent per pound on oranges and grape fruit be retained, and that the duty on lemons be raised to 1½ cents per pound.

I shall not burden you with statistics or present any special reasons why the demands of the California committee should be complied with further than to express the opinion that the printed brief by the Citrus Protective League of California, now before your committee, is a fair and honest presentation of conditions as they now exist relative to the citrus-fruit industry in California.

It seems to me to be an indisputable fact that the duties demanded are absolutely necessary to successfully maintain the industry in this country, as against present foreign competition. Please note that the present duty of 0.72 cent added to the present transportation charge to New York is only 0.97 cent, while the cost of transportation from California to eastern markets, including charge for icing, is 0.93 cent, it being understood, of course, that the great difference in the cost of labor enables the foreign grower to produce fruit 50 per

cent or more cheaper than is possible to do in this country. There are special reasons why the duty on lemons should be one-half cent higher than on oranges, all of which seem to have been presented in good and proper form.

Trusting that your committee may give this subject the careful and serious consideration which I believe it deserves, I am, with high personal regard,

Yours, truly,

G. M. CURTIS.

**THE CUBA COLONY COMPANY, BATTLE CREEK, MICH., ASKS FOR
ABOLITION OF DUTIES ON CUBAN CITRUS FRUITS.**

BATTLE CREEK, MICH., *December 9, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: In behalf of the fruit growers of the island of Cuba, we most respectfully and earnestly pray for relief from the exorbitant tax upon our products in the form of tariff duties.

The United States has but a very small and limited territory in which citrus fruits can be grown, and we think it an injustice and a hardship to the fruit growers of Cuba to compel them to pay an unreasonable and almost prohibitive tax for the privilege of marketing our fruits in our home country, of which we are nearly all residents and taxpayers.

When we made our investments on the island we had every reason to suppose that annexation would soon take place and that we would have an open market for our products and could compete with our California and Florida neighbors, but unless we are helped by the relief of all tariff duties our investments on the island must necessarily be a total loss and the 80,000,000 of our inhabitants of this country will be deprived of the benefits of a competitive market of a table food.

It is a well-known fact that the limited citrus fruit-growing territory of the United States furnishes but a very small proportion of the amount consumed by its people, and it is an unjust tax upon them to be compelled to pay the excessive duties.

Most respectfully submitted.

THE CUBA COLONY COMPANY,
Per JEROME CHAPIN, *Treasurer.*

THE NEW YORK FRUIT EXCHANGE, NEW YORK CITY, RECOMMENDS A REDUCTION IN DUTY ON LEMONS.

NEW YORK CITY, *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: (1) That it is a body incorporated, organized, and existing under the laws of the State of New York.

(2) That it is organized for the mutual benefit and protection of the members of the said association in their relations to each other

and the public as business men and dealers in fruit and other commodities, and to improve the methods of business so as to insure honest and fair dealing in the trade generally.

(3) That it is composed largely of American dealers, brokers, and buyers of lemons and other fruits on the New York and other markets for the jobbers and consumers of the country generally.

(4) That under the Wilson tariff bill the duty on lemons was approximately 25 cents per box on the fruit and 5 cents per box on the shooks, making the total duty about 30 cents per box. This duty provided a good revenue for the Government and insured the importation of a sufficient supply of lemons to meet the normal requirements of the people.

(5) That the method of selling foreign lemons is at public auction to the highest bidder, the price being regulated by the supply and demand.

(6) That the large increase in the production of lemons in the State of California has diminished the demand for the foreign-grown article to such extent that it is now extremely hazardous and frequently unprofitable to import lemons in competition with the domestic product.

(7) That the Dingley tariff, for the purpose of encouraging the domestic production of lemons, raised the duty to 1 cent per pound, equal to approximately 75 cents a box.

(8) That owing to the extremely high duty (75 cents per box) imposed by the Dingley tariff, which has been operative for the past eleven years, the production of lemons in the State of California has attained vast proportions, and California lemons are now being marketed at prices which pay a large profit to the grower.

(9) That the California growers of lemons need no protection from the tariff, ample protection being afforded them by the popularity of their fruit and the manner in which it is packed.

(10) That the enormous increase in the production of lemons in the State of California has not tended to reduce the prices at which the product is sold to the consumer.

(11) That California lemons are sold largely through the agency of exchanges or other organizations of growers and packers. These associations, through mutual conferences, regulate the sale and distribution of the fruit and fix prices, thus practically eliminating competition.

(12) That the relative profits of the growers of California lemons are largely in excess of the profits enjoyed by other agriculturists.

(13) That the demand for an increase in the tariff duty on lemons is made by the California growers alone, who are apparently not satisfied with the very substantial profits which they already enjoy.

(14) That there are now produced in the State of California approximately but two-fifths of the lemons consumed in the United States, and it is not probable that for a number of years at least a sufficient quantity will be produced to meet the steadily growing demand.

(15) That an increase in the duty will add to the burdens of those absolutely dependent upon California for their supplies.

(16) That owing to the increase in the duty on oranges, from about 25 cents per box under the Wilson tariff to 1 cent per pound (equivalent to approximately 75 cents per box) under the Dingley

tariff, foreign-grown oranges have been practically excluded from this country. Thus the Government receives little or no revenue from this source, and the consumers are compelled to pay high prices for oranges or go without them, except for a short period of three months, when Porto Rico and Florida oranges are usually in abundant supply.

(17) That the effect of an increase in the duty on lemons would be to practically exclude the foreign product, leaving the consumers of the entire country wholly dependent upon a few growers in a restricted area. Thus, under normal conditions, there would doubtless be a sensible increase in the prices which the consumers would be compelled to pay; and in the event of a failure of the crop or a material reduction of the output from unfavorable climatic conditions, or any other cause, prices would rise so high as to place the fruit beyond the reach of the masses of the people.

(18) That lemons are not a luxury, but are recognized by competent authorities as a necessity for health and refreshment, and the greatest good to the greatest number demands that they should be put within the reach of all.

(19) That the duty on lemons, when not prohibitive or so high as to discourage importations, does not affect the selling price. The fruit being perishable, the price is determined by its condition when offered for sale and by the relation of the supply to the demand.

(20) That, in the opinion of your petitioners, any increase in the duty on lemons would measurably curtail importations and prove practically prohibitive.

(21) That but a limited area and a very few of our citizens will be benefited by restricted importations, and that the masses will be injured by such restriction.

(22) That the tendency of persons engaged in the production of an article which can be produced only in a restricted area of the country is to combine for the purpose of compelling the consumers to pay a higher price for the article produced. The imposition of an additional duty of half a cent per pound, which is equivalent to about 40 cents a box, making the whole duty approximately \$1.15 per box, would foster this tendency, and thus work injury to the masses of the people.

(23) That during the hottest months of July and August domestic-grown lemons are not produced in sufficient quantities to supply the demand.

(24) That California lemons can and do compete with the imported product is shown by the records of auction sales held in the city of New York. These records disclose many instances of the sale of California lemons at \$1 and more per box higher than the prices realized on the same days for imported lemons.

(25) That California lemons have an added advantage over the foreign-grown product in all the markets west of New York, by reason of the transportation charges on the imported product from the port of entry to the interior markets, while the blanket rate of freight applied to shipments of California lemons makes it possible to deliver them at all points east of the Rocky Mountains at the same cost as at the port of New York.

(26) That a specific duty of 30 cents per box of $2\frac{1}{2}$ cubic feet capacity would promote the importation of a normal supply of imported lemons and provide revenue for the Government without injury to the California producers.

(27) That the prevailing duty of approximately 75 cents per box is unnecessary, unfair, and inequitable. Its effect is shown by the steady decrease of importations, which, if not checked, will deprive the Government of a fruitful source of revenue and the masses of the people of the means of procuring at reasonable prices a refreshing and wholesome article of food and drink.

(28) That an alteration in the method of levying the duty, making the tax a specific amount per box, instead of per pound, would greatly facilitate the work of the customs department and lessen the expenses incurred by the Government. It would obviate the necessity of weighing the fruit, thus effecting a considerable saving of time and averting the losses which inevitably result from dumping so perishable an article from the original container. It would also relieve all concerned from the vexatious delays and frequent losses that the practice of weighing the fruit imposes upon them.

(29) That the impression that a reduction in the duty on lemons is of interest and profit to foreigners only is erroneous. Practically all the lemons imported are imported by American citizens, and many other American citizens doing business in various sections of the country buy and sell imported lemons. In some parts of the country, notably in the South, climatic conditions make it imperative for dealers to buy the imported lemons because of their recognized superior keeping properties.

Wherefore, may it please your honorable committee, the premises considered, to recommend a reduction in the tariff duty on lemons which shall restore the rate imposed by the Wilson tariff bill, namely, 30 cents per box of standard size of $2\frac{1}{2}$ cubic feet capacity, the said duty to include the box shooks, the duty on any and all boxes of smaller dimensions than the standard size and being of less capacity than $2\frac{1}{2}$ cubic feet to be the same as on boxes of the standard dimensions and capacity, except in the case of half boxes, the minimum capacity of which to be estimated at $1\frac{1}{4}$ cubic feet and the duty assessed accordingly. Thus the minimum rate of duty would be 30 cents per box and 15 cents per half box.

And your petitioner will ever pray, etc.

THE NEW YORK FRUIT EXCHANGE,
E. ANDREWS, Jr., *Chairman*,
WILLIAM A. CAMP,
CHAS. W. MAXFIELD,
WM. R. PRALL,
H. M. JONES,
Tariff Committee.

W. F. FRAZIER, MINING ENGINEER, HUNTINGTON PARK, CAL.,
ASKS FOR AN INCREASE OF DUTY ON LEMONS.

HUNTINGTON PARK, CAL., *November 23, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: I am considerably interested in the investigation you are now making for the readjustment of the present tariff, especially that relating to the citric fruits.

For your information, I will state I own a 20-acre lemon grove of 12-year-old trees. It is located in the best lemon belt of southern California. The trees on it are Lisbons, Eurekas, and Villa Frankels.

The proceeds of this year's crop lacked \$15.25 of paying expenses. The management of the grove has been economical and sufficient. The loss was due to my inability to dispose of the crop at the time it should be picked for a price sufficient to cover expenses. Some of the growers near me, who have the facilities for packing and storing their crops, did better than I did. They were able to dispose of their fruit while the price in the western section of the United States was the highest, which was during the warmest weather in midsummer.

Most of the small growers like myself have no packing houses and are obliged to sell when the fruit is ready for picking.

The commission men through whom I sold my crop claim they are unable to compete with the prices paid for the imported fruit on sale in the eastern section of the United States. The transportation, packing, and growing charges prevent it. We are obliged to use high-priced labor and material in producing our fruit.

The brokers through whom I sold advised me to bud my trees to oranges and to give up raising lemons on account of the eastern prices. I dislike to do so. Anyway, it will require several years to get the budded trees in a producing condition, while the expense of caring for them is practically the same as when they are producing.

I believe a proper tariff on imported lemons would help the situation; not high enough to absolutely prohibit the importation of foreign-grown fruit, but sufficiently high to shift the burden of production to the other side of the Atlantic.

Yours, truly,

W. T. FRAZIER.

LEMON IMPORTERS OF NEW YORK CITY FILE SUPPLEMENTAL BRIEF ADVOCATING REDUCTION OF DUTY ON LEMONS.

32 BROADWAY,

New York City, January 2, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We had the honor in November last to submit a brief giving reasons why we believed it proper to ask a reduction of the existing duty upon lemons.

Since that time the unexplainable and tremendous catastrophe which has visited Sicily adds most seriously to the presentment which we then made, and in view of this terrible calamity and its far-reaching results, we respectfully submit the following facts for your careful consideration:

Normal conditions which until December 28 last governed the production and exportation of lemons from Sicily have been suddenly overturned, and new and strenuous ones substituted by the most stupendous cataclysm of nature which has visited this earth since the Christian era began.

Nearly or quite 150,000 human lives have been suddenly destroyed, one-fifth of the same—that is to say, at least 30,000—being men, and largely of the laboring class.

In addition to this diminution of the usual labor supply, the result of the earthquake has been to render poverty stricken thousands upon thousands of other laborers who escaped with their lives, and to so fill them with fear that we are credibly advised of an enormous number seeking to emigrate from their home country, the major portion of whom will come to the United States.

From our best advices we are assured that a quarter of a million will thus leave Italy within the coming four months, most of them from Sicily and Calabria.

Thus it will be seen that through the act of Providence the labor supply in the very country which produces the lemon will be depleted by a loss of almost if not quite 300,000 workers.

The result may be asserted without fear of contradiction. The cultivation of lemons will suffer tremendously, the labor cost involved in their production will be at least doubled owing to the scarcity of men, and the quantity produced will be greatly diminished.

Commercial conditions are as fixed as the laws of nature. The result of an increased cost of production, combined with a decrease in the quantity produced, will mean a higher cost at the point of production.

During the past five years the steady falling off in the importation of lemons into this country has been because of similar causes—that is, because the cost of the fruit, under conditions then existing, was so great that the American market did not justify the importation, and neither the grower nor the importer found it profitable to continue the business.

With the added expenses set forth above, it may be positively asserted that unless a decided reduction in the present duty rate is made in the revised tariff the importations will cease.

The business can not continue under the increased cost of production with the present rate of duty.

It might not be thought amiss to give a moment's attention to the conditions which will result should the importation of lemons cease.

The present production in the United States is only three-fifths of the number demanded by the consumer. The use of the lemon has become almost universal with both rich and poor. But if the demand is nearly twice as great as the supply, what results?

Again the inevitable law of commercial conditions will govern, and the cost of lemons to the consumer will advance.

Such advance will be to the benefit of the American producer, to less than 50,000 individuals; the injury following such conditions affects the American consumer, probably 50,000,000 of people.

The increased price of the fruit will not reestablish the importations. Lemons are not subject to storage, as in the case of silks, or linens, or leather. If the American market is closed to the Sicily lemon grower a single season he goes out of business. He is a poor man and unable to endure the loss of a year's crop. If he can not sell lemons then he can not raise them.

To paralyze the American market means to destroy the foreign production, and once destroyed it can not be renewed, no matter how good the market may become, for the trees have been cut down and the land devoted to other purposes. It takes from eight to twelve years to bring a lemon grove into bearing. Once this market refuses the Sicilian lemon, there will be no chance of reestablishing the

trade in a dozen years at the least. And during all of that time the home grower waxes rich at the expense of the home consumer, and all revenue is lost to the Government.

Gentlemen, this question has assumed a new and startling phase since our previous brief was submitted. This is now not a question of "probabilities;" it is a matter of "certainties."

Facing the conditions now existing in Sicily, we solemnly assure your honorable body that unless the duty upon lemons is materially reduced the importation of the same has reached its end.

Should it occur by any strange chance that the production of the Sicilian lemon was not seriously affected by the earthquake—although the cost of such production must be increased for the reasons already given—if the growers continue to cultivate those groves near Palermo and in those portions of the island not destroyed, the resultant conditions so far as this country is concerned are practically the same.

It has been the custom for many years to supply the Russian, Canadian, and German markets from the Messina district. That district being destroyed, the demands of the Russian, Canadian, and German markets will fall upon the Palermo district. Since Canada has made lemons free, and Russia has within a year reduced the duty upon lemons two-thirds, it is positive that the demands of those countries would be paramount. In other words, this country would fail of her supply unless her markets are made as free to the importer as those of the countries named. If the present duty is retained, the lemons, even if produced, will go to Russia, to Canada, and to Germany.

This matter was recently given most careful thought by the Western Fruit Jobbers' Association at their meeting at Minneapolis, Minn., and after a full discussion of the subject this body—including in its membership representatives of the California Citrus Protective Union—passed a resolution, in part as follows:

While fully concurring in the doctrine of legitimate protection of all American industries, and desiring that such tariffs be established on citrus fruits, pineapples, figs, currants, grapes, nuts, etc., as shall foster and encourage the production of such commodities within the United States, and shall secure to producers liberal compensation, we are resolved that the tariff on the foregoing products are sufficiently high to offer protection and encouragement.

Speaking with an even deeper and broader knowledge of the subject-matter, we, the importers of lemons, assure the Committee on Ways and Means that the present tariff is too high, and that unless reduced the trade will be killed.

We know of no presentation of the facts involved in this matter which is more correct, or which more clearly defines the immediate and controlling conditions than an address made at the convention above referred to by Mr. Victor L. Zorn, the president of the New York Fruit Exchange, and we gladly take the opportunity of quoting therefrom.

Mr. Zorn distinctly opposed any increase in the tariff on fruit, notably lemons, but even went further and advanced arguments in favor of actually reducing the duty as it at present exists. His paper was a severe arraignment of California's motives and purposes.

Among other things he said:

Fruit men are aroused over the proposed revision of the tariff. Some of our fellow-citizens who are engaged in the production of articles which constitute

a large and important part of the commodities that go to make up the traffic known generally as the "fruit trade" have petitioned Congress to retain the present duty upon some of the articles which they produce and to materially raise the duty upon others. This petition is opposed by certain factors of the trade who think that some of the present duties are inordinately high and the others high enough. They have accordingly asked Congress to lower those duties which they believe to be excessive and to make no advance in those they deem sufficient. An issue is thus clearly drawn between them.

I am one of those who are opposed to any increase in the present tariff duties upon fruit and nuts. Howsoever thoughtful men may differ as to the wisdom of framing tariff laws for the protection and encouragement of home industries or for the purpose of providing revenue only, all are agreed, in theory at least, that the fundamental and controlling principle should be the welfare of all the people. An advocate could scarcely be found for the proposition that legislation should as a matter of principle be enacted for the benefit of a minority of the people of a country at the expense and to the detriment of a majority of them. Yet legislation which would have this effect is often proposed, and not infrequently finds able, ardent, and thoroughly sincere champions. The tariff legislation which some of our fellow-citizens of California and some of our fellow-citizens of Florida have petitioned Congress to enact is legislation of this character. The undisputed purpose of it is to increase the profits of those who ask for it. The effect of it would be to diminish the revenues of the Government without any compensating advantages to the people at large, who pay the expenses of the Government.

The growers of lemons in California have presented to the Ways and Means Committee of Congress a memorial asking that the duty upon lemons be raised from 1 cent per pound to 1½ cents per pound. One of the opening paragraphs of this memorial reads thus: "The present tariff duty on citrus fruit is 1 cent a pound. The experience of ten years has demonstrated that this tariff is sufficient to protect the orange industry, but is not sufficient to encourage the lemon industry." This paragraph would more correctly express the actual effect of the present tariff duty upon the traffic in citrus fruit if it were amended to read somewhat like this: "The present tariff duty on citrus fruit is 1 cent a pound. The experience of ten years has demonstrated that this tariff is sufficient to prevent the importation of oranges, but is not sufficient to prevent the importation of lemons. Wherefore, since the object of tariff duties should be to make it a kind of crime to do business with a foreign country, and since the present tariff duty upon citrus fruit does not do this, it is obviously too low." This reasoning is so clear and beautifully simple. Its conclusions can not be disputed. Some perverse persons seem so obtuse that they actually believe that tariff duties should be levied for other and different purposes and objects. When it is sought by congressional enactment to tax the consumers of some 2,000,000 boxes of imported lemons annually an additional 40 cents per box, or \$800,000 per year, or, in lieu of the payment of the tax, to deprive themselves of a refreshing and wholesome fruit which they have come to regard as a staple necessity, they do not believe that the people can afford to pay this additional tax.

In their opinion the effect of its imposition would be to measurably curtail the importations. They believe, indeed, that it would altogether prohibit importations during the fall and winter months, and restrict them to a brief period in the late spring and summer. Thus, instead of 2,000,000 boxes there would probably not be imported, even during the first year of the operation of the increased tariff, more than 750,000 boxes. The revenue to the Government would thereby be reduced from \$1,500,000 to \$862,500, and with a supply of 1,250,000 boxes short of the demand prices would rise to a height quite beyond the reach of vast numbers of consumers. Then, too, brokers, jobbers, importers, teamsters, laborers, and others who now derive their livelihood chiefly from the imported lemons would find themselves without an occupation. Indisputably the enactment of such tariff legislation as that for which the California growers ask would stimulate the production of lemons. But the question of most interest to the masses of the people is this: Would the production under this stimulus equal the requirements of the country and when?

In a paper entitled "A brief of facts concerning citrus tariff," presented to the Ways and Means Committee of Congress by a committee representing the Citrus Protective League of California, there will be found this statement: "Under the stimulus of an increased duty the setting of lemons would be so great that in ten or twelve years California would produce all the lemons con-

sumed in the United States." Here we have something definite. The conclusions will be recognized as speculative; but the growers tell us how long, in their opinion, we would have to wait until they produced 2,000,000 boxes of lemons more than they now produce. We would have to wait ten or twelve years. Thus, if we should continue to consume the same quantity of lemons that we now consume, we would be compelled to pay, for the benefit of our friends in California, \$1.15 per box, or a minimum of \$23,000,000.

We learn also from this illuminating paper that in 1908 there were only 2,074 acres of unbearing lemon trees in orchard form, while in 1898, ten years earlier, the number of acres of unbearing lemon trees in orchard form was 11,054. And we are told that this indicates what is well known in California, that tariff duties of 1 cent per pound have not been sufficient to encourage the planting of a large acreage of lemons.

Now listen to the testimony of an expert in the employ of the Bureau of Plant Industry of the Agricultural Department of the United States Government. This gentleman, writing for the Government at the close of the year 1907, says: "As a result of the recent progress in the industry, the demand for the best brands of California lemons is greater than the present supply. The area of groves is extending considerably, though more slowly than the growers desire, as the nurserymen have not been able to supply the demand for trees during the last two or three years." Here we have two somewhat conflicting statements. One is the statement of interested parties. The other is the statement of a disinterested government employee. I submit both without argument.

Now, let us investigate the plea that the lemon industry of California is languishing, and without further help from the Government must stagnate and decay. We will find that in 1898 the production of lemons in California amounted to 363,800 boxes, and that in 1908 the output was 1,585,000, a more than fourfold increase in ten years. These figures, which were prepared by the California growers themselves, certainly do not disclose much evidence of stagnation and decay. Further, the profit per acre in 1898, when the production amounted to 5,371,000 boxes oranges and 363,800 boxes lemons, was \$10, and the profit per acre in 1908, when 10,486,000 boxes of oranges and 1,585,000 boxes of lemons were produced, was \$50. Unhappily in the table of average prices and average profits oranges and lemons were grouped, so that one can not tell the percentage of profit which lemons yielded. Knowing the prices at which California lemons have been sold in the past few years, however, we may reasonably assume that the percentage of profit was greater than that produced by oranges. The fact is that the California lemon industry is flourishing, and that instead of requiring additional encouragement in the shape of an increased tariff duty it is quite able to stand a reduction in the tariff duty.

When we are told that the labor cost of producing a box of lemons in California is \$1, and that the amount expended for labor by the Sicily grower is 25 cents, we smile.

The reports which the Sicily growers make is different. They vary greatly. But to us the cost of producing lemons in Sicily is a matter of little more than academic interest. What it costs an importer to deliver lemons at the port of New York is a different item. The cost depends altogether upon the condition of the market at the time the importer buys the fruit. The lowest cost at any time is reported to be about \$2.40 per box, duty paid. There have been occasions when it has exceeded \$4.50 per box.

But is it fair to take the port of New York as a basing point to determine the cost of lemons at the point of distribution to the consumers of the United States? Would it not be fairer to take the center of population as the basing point? A candid observer would think so. It is estimated that the center of population is Indianapolis, Ind. The rate of freight upon lemons from New York to Indianapolis, Ind., is 40 cents per 100 pounds. At 85 cents to the box, the estimated weight of a box of imported lemons, this means 34 cents per box. To this must be added 3 cents per box for shipping. Thus we find that the lowest at which an importer can without loss deliver at any time a box of lemons to the center of population of the United States is \$2.77. The California grower, even granting that he expends \$1 per box for labor, can deliver a box of lemons at the same point for \$2.32.

It is my belief—it is my firm conviction—that nothing that the Congress of the United States can do would prove ultimately so disastrous to the lemon industry of California as to grant the request of the growers for an increase in the tariff duty from 1 cent to 1½ cents per pound.

I am opposed to any increase in the tariff duty upon lemons. I oppose it in the interest of the masses of the people, to whom it would be a great and unjust burden. I oppose it in the interests of thousands of American business men, whom it would unfairly deprive of the revenue which they now enjoy from handling the imported product. I oppose it, finally, in the interest of the growers of California themselves. It would create fictitious land values, and encourage the planting of lemons in districts unsuited to their growth, and perhaps, too, by persons unfitted for the work. It would provoke among the people at large a revulsion of feeling, substituting hostility for friendship, and inviting inevitably acts of severe reprisal.

I favor a reduction in the tariff duty upon lemons because I believe it would benefit the majority of our people without injury to the growers of California. I favor also an alteration in the method of levying the duty which will substitute for a given rate per pound a given rate per box of certain minimum dimensions. This change would facilitate the work and lessen the expense of the Government by obviating the necessity of weighing the fruit. A great saving of time would thus be effected and the losses consequent upon dumping the fruit from the boxes averted.

For these reasons I favor such a reduction in the tariff duty upon lemons as will restore the rate imposed by the Wilson tariff bill—30 cents per box—and the adoption of a box of $2\frac{1}{2}$ cubic feet of capacity as the minimum package. I believe that with a tariff of this kind the growers in California will be sufficiently protected, the consumers assured of an ample supply of lemons at average reasonable prices, and the benefits of competition preserved to dealers like yourselves and the trade in general.

From the New York Journal of Commerce of January 11, 1909, we take the following:

LOSSES IN SICILY LEMONS.

There are other Sicilian victims than those in the earthquake-stricken island across the ocean. For almost two years the American importers of Sicilian lemons have been martyrs to a situation which, they say, has been unprecedented in the history of the American fruit market; a situation which spelled nothing to them but financial loss. For a variety of reasons the American market has been refusing to pay prices for lemons which would bring the importers a profit, and week after week, month after month, they have steadily dropped money. One of the leaders in the importing field is authority for the statement that of the 142 cargoes of lemons which arrived in this country between May 15, 1907, and the present time only two brought any profit to the American importers.

THE NEW MESSINA.

Speaking of the effects of the earthquake on the lemon business, Peter Brucato, a native Sicilian, though for many years a resident of this country and a leading lemon importer, discussed the situation interestingly a few days ago with the writer. Mr. Brucato is not only familiar with Sicily and its people, but has been there during similar though less destructive earthquakes, and knows something about the probable course to be followed in any possible rehabilitation of the ill-fated city.

"I do not believe that Messina will ever be rebuilt—at least on its former site," he said. "It never was a healthy city and was constantly susceptible to earthquake. Its chief redeeming feature was its unparalleled landscape across the straits. But with its harbor destroyed by the slipping into the sea of the outer rim of sand, its roadstead will have very little value in rough weather.

"As for the lemon industry, I believe it will not again center at Messina, even if rebuilding is attempted. The lemon-growing district of that end of the island was about 10 miles from Messina, along the north shore of the island. The town of Milazzo, a place of about 10,000 people, had grown up as its center, and I believe will now succeed Messina as the shipping point for the lemon packers. Very likely those of the packers who have survived will remove their business headquarters to Palermo, 130 miles away, and the packing for the Messina district will be done at Milazzo. It has a good harbor and is already a local shipping point for a considerable portion of the crop which grows around it and which is probably not injured.

"There will be some changes in the commerce of the lemon industry on the islands. Till now the bulk of the Messina shipments have gone to Germany,

Russia, Sweden and Norway, Canada, Australia, and Austria, owing to connections built up in a century or more of business on the part of some of the older packing houses. For those countries Messina had practically a monopoly, save that Hamburg drew possibly 100,000 boxes a year—a fifth of her needs—from Palermo. With Messina wiped out of existence, these people must turn to Palermo or Catania for lemons, and already, I presume, Palermo houses are trying to pick up the trade of the destroyed Messina packing concerns. It would appear to me that the owners of groves near Milazzo would be forced to establish their packing houses there in place of those destroyed at Messina. To ship to Palermo would cost from 15 to 20 cents a box, a handicap too great to be sustained, with the competition as keen as it always has been.

"It looks to me as though Messina is a city of the past and will never again rise from her ashes. The new lemon center for that end of the island will be Milazzo, and Palermo will become even more of a shipping center than before."

All of which is respectfully submitted.

LEMON IMPORTERS OF THE PORT OF NEW YORK,
By FRANCIS E. HAMILTON, *Counsel*.

PINEAPPLES.

[Paragraph 268.]

NORMAN FETTER, ST. PAUL, MINN., RECOMMENDS NEW CLASSIFICATION FOR PINEAPPLES IN BARREL AND BULK.

ST. PAUL, MINN., *November 16, 1908.*

HON. SERENO E. PAYNE,
*Chairman Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: I have the honor to submit for the consideration of your honorable body a proposed revision of paragraph 268 of the tariff law of 1897, tending to remove in a measure the unjust discrimination now existing against American growers and in favor of Cuban growers of pineapples in the American markets. It is proposed to amend this paragraph as follows:

268. Pineapples, in barrels and other packages, twenty cents per cubic foot of the capacity of barrels or packages; in bulk, twenty dollars per thousand.

The American grower is handicapped from three principal causes: First. An excess of 29½ cents per crate in the rate of transportation (69 cents) from Fort Pierce, Fla. (the center of the pineapple district), to New York (the distributing point), over the rate (39½ cents) from Habana to New York. Second. An excess of 16 cents per crate in the cost of labor (\$1.50 per day) over the wages (about 75 cents per day) paid Cuban labor. Third. An extra expense of 40 cents per crate in the cost of fertilizers, where little or no fertilizer is required on Cuban soil.

The present duty is 7 cents per cubic foot, or 16 cents per crate (10 by 12 by 33 inches, or 2.29 cubic feet), less 20 per cent under the Cuban reciprocity act of December 17, 1903, or 12.8 cents net per crate.

To equalize conditions between the American grower and his Cuban competitor, taking into consideration the 20 per cent reduction which the latter enjoys, the following protective rates per cubic foot (as

expressed in the language of the present act) are needed by the American grower:

(1) To cover 29½ cents excess in transportation, 16 cents per cubic foot (16 by 2.29 less 20 per cent=29.31 cents).

(2) To cover 16 cents difference in labor, 9 cents per cubic foot (9 by 2.29 less 20 per cent=16.47 cents).

(3) To cover 40 cents extra cost of fertilizer, 22 cents per cubic foot (22 by 2.29 less 20 per cent=40.31 cents).

Total handicap on the American grower, 47 cents per cubic foot of packages.

These estimates are conservative and the proposed remedial duty of 20 cents per cubic foot will only to a limited degree protect the American grower against the cheaper grade of pineapples shipped from Cuba at a profit under conditions against which the American producer can not compete.

My permanent address is Fourth and Broadway, St. Paul, and while I represent the Minnesota Cooperative Plantation Company as its vice-president this matter is of equal interest and importance to a large number of investors in every State of the Union.

Very respectfully,

NORMAN FETTER,

Vice-President Minnesota Cooperative Plantation Company.

STATEMENT OF E. P. PORCHER, OF COCOA, FLA., REPRESENTING THE FLORIDA PINEAPPLE PRODUCERS.

WEDNESDAY, November 18, 1908.

Mr. PORCHER. Mr. Chairman and gentlemen, I represent the Indian River Orange Growers' Association, and the Indian River and Lake Worth Pineapple Growers' Association.

At the beginning I would like to touch on the question that was brought up as to the associations controlling prices. We control no prices. We simply are organized to better the growing and packing conditions, and to get carloads to market. The law of supply and demand absolutely controls that, excepting at times when special fruits of superior quality are wanted by extra fancy trade, and bring the extra prices, both from California and the Indian River. That seems to have caused a comment to be passed upon our differences, in complaint of the conditions we have there in the matter of protection. The Valencias to-day are selling as high as \$8 a box in New York. We have had our Indian River product to bring as high as \$7, \$8, and \$9 a box; that is, a limited amount of picked size, for the fancy trade, but it does not represent or give a fair idea of the general output to the mass of the people all over the country.

To discuss first the question on citrus matters, there has been nothing said relative to the excessive cost we have in Florida in preparing and planting as compared with any other section, even California. Their cost for water, I will admit, is rather heavy, but they have there a certainty, with richer soil generally, and absolute security from droughts which we have in the South. We have in our richer hummock land which costs sometimes as high as \$125 an acre simply to prepare for the crop. Where we have pine lands, to do it

properly, the stumps have to be removed at a heavy cost. We have suffered with drought; we have had freezes; and now, worst of all, and which has not been brought to the attention of you gentlemen, is the white fly. I have just returned, and was delayed in getting to Washington, from a trip—and fortunately practically none has yet appeared on the Indian River—respecting the State at large, and I say to you gentlemen that there has been an error made as to the production of Florida unless we can do something about this pest. The very section that you spoke of, Mr. Chairman, that of Citra, from end to end is infested with it. I am not here to make a poor mouth about our section, and it would not be appropriate. We have had good prices for our oranges, and we have nothing to complain of with respect to the general results under proper attention to our growth; that is, as to Florida at large. But many sections of Florida are more in danger from cold than we are from the competition going on with Cuba, which is not simply a mere matter of speculation, but is actual.

We know of immense tracts within the next three years that will produce not less than a million boxes of citrus fruit in Cuba. What was stated is absolutely true, that one gentleman from Cincinnati has a 700-acre grove. There is no such grove in Florida, barring one. There is a grove of about 700 acres at Wildwood, which they are putting out heavily from end to end wherever the soil is adapted to citrus fruit. As it is at present with the tariff—a 20 per cent reduction in favor of Cuba—competition is coming into our markets from Cuba, and they are growing some nice fruit. In addition to that the importation, while statistics show them small, have been of the finest grade, and though California has dominated the market to an extent sufficient to eliminate that, and generally giving the consumer a fair and reasonable price, barring at times when the retailer has forced it up, yet owing to causes that we can not control we are up to the proposition of seeing a ruinously competitive product come in from the island of Cuba alone into the markets of the United States. In the matter of lemons from California, as was said by the California representative, they have already had some white flies in the orchards in California. So we come before you to say that the States of Florida, Louisiana, Arizona, and California can produce all of the citrus fruits requisite for the use of the United States, making a very good profit, and delivering them at a reasonable cost to the consumer, without a single box of foreign fruit from any section whatsoever coming in.

I have not enlarged upon the white fly devastations, because very likely others will bring that up more forcibly. It is not merely a menace, it is not talk, it is an actual fact just as much as frost is. In order to emphasize my opinion of it personally, I would prefer that a frost should bring my trees to the ground rather than to see the white fly among them.

MR. BOUTELL. What is the Agricultural Department doing about the white fly?

MR. PORCHER. All they possibly can. They are endeavoring to overcome it by fungus and by suggestions in regard to fumigations; also by the use of a fine spray of whale-oil soap, which has been more efficacious so far than anything else. I would say that there is a section back of Titusville where they have some of the white fly.

MR. DALZELL. Is this something recent?

Mr. PORCHER. No; the white fly has been in Florida for twelve years. You gentlemen can not conceive the conditions. In a certain town down there it is true that the watchmakers had to put close screens on their doors and windows to prevent the fly from coming in and getting into the watches when open. They have been such a pest that the whole house would have to be screened to keep them out. To-day that is the case, although they are not flying now. But the forage is blackened and it looks like devastation.

Mr. CRUMPACKER. Does the pest affect Cuba to any extent?

Mr. PORCHER. It is not in Cuba, I think.

Mr. CRUMPACKER. Do you think the Government ought to protect the Florida orange growers on account of the devastations caused by the white fly?

Mr. PORCHER. No, sir.

Mr. CRUMPACKER. Then you are not advancing that fact as bearing upon the question of protection?

Mr. PORCHER. Not at all. It is only one of the matters, and one of the things that we have to fight.

Mr. CRUMPACKER. That is one of the natural disadvantages?

Mr. PORCHER. That is one, and it is one that gives greater cost to the development of the product.

Mr. CRUMPACKER. The cost of production is largely due to certain natural conditions, climate, soil, etc. Do you think you could produce fruit enough to supply the demands of this country at a reasonable price under the disadvantages under which you labor there?

Mr. PORCHER. I do, sir. With the increased production in certain localities, even with the white fly among us, and the difficulties we are having, we can produce a sufficient amount of citrus fruits at a reasonable price to supply the country.

Mr. CRUMPACKER. Are you in favor of an increase in the present tariff?

Mr. PORCHER. I am in favor of the maintenance of the present tariff on citrus fruits. I am not bringing up the question of lemons, because we do not produce them. I suppose that 8,000 boxes is all that would be produced by the State.

Mr. CRUMPACKER. The consumption of citrus fruits has increased very largely in this country within eight years, has it not?

Mr. PORCHER. Yes, sir.

Mr. CRUMPACKER. And is continually increasing?

Mr. PORCHER. The demand has been surprisingly increased, especially on grape fruit.

Mr. CRUMPACKER. And of course the tariff on that class of fruits increases the price to the consumer, the ultimate consumer?

Mr. PORCHER. Well, now, to bring matters down to figures, the present cost of production at the price which the consumer would pay, would be termed a reasonable price, we will say from \$2.50 to \$2.75 or \$3 a box; and at the same time give a fair profit to the producer.

Mr. CRUMPACKER. Do you know what percentage of cost of producing oranges is in the labor—the labor cost?

Mr. PORCHER. We have gone over a schedule, and it varies according to the land and situation. There are some situations with richer soil, and at present with freedom from pests, which would cause the cost to vary from 75 cents to \$1.50 per box f. o. b. cars.

Mr. CRUMPACKER. Per box?

Mr. PORCHER. Yes; growing and packing the fruit and placing it f. o. b. cars.

Mr. CRUMPACKER. But what percentage of that cost is labor cost?

Mr. PORCHER. It would be somewhere around 30 cents per box.

Mr. CRUMPACKER. And the boxes are what?

Mr. PORCHER. We figure the boxes at about 15 cents.

Mr. CRUMPACKER. No; I mean the box of fruit and all.

Mr. PORCHER. The box of fruit and all would be, as I say, from 75 cents to \$1.50.

Mr. CRUMPACKER. And the average labor cost in a box is about 30 cents?

Mr. PORCHER. Yes; but that does not vary with the other costs, because the labor cost remains the same.

Mr. CRUMPACKER. What is the duty per box on oranges?

Mr. PORCHER. At the present time it is a cent a pound, which is equivalent to 80 cents a box.

Mr. CRUMPACKER. So that the duty about twice and a half covers the entire labor cost of producing the oranges?

Mr. PORCHER. A little less than that.

Mr. UNDERWOOD. Do you agree with the witness who preceded you with reference to his statement as to the cost of transportation to the market and the cost of production?

Mr. PORCHER. The question of transportation has been with us one with the Interstate Commerce Commission, with its powers and rulings, and has left us absolutely blocked. The question, for instance, of transportation from Cuba to Chicago or Indianapolis or any point in the West we have found imperative, so far as any redress is concerned. We pay 59½ cents from Cuba to Chicago—that is, basing the rate from Jacksonville; in other words, the Cuban producers get their fruit laid down in market for the price that our gateway at Jacksonville charges us from there beyond. The explanation that is given is that it is water transportation, and that in competition there is no possibility of any change.

Mr. UNDERWOOD. As a matter of fact, there is no movement of citrus fruits up the Mississippi River to Cincinnati or Chicago or interior points?

Mr. PORCHER. Well, that is because of its being too slow transportation.

Mr. UNDERWOOD. I mean that it is not practicable.

Mr. PORCHER. On the other hand, I am not at the present time making a plea on that question, because we have an association that has the matter up now before the Interstate Commerce Commission, and we have a very fair showing for redress.

Mr. UNDERWOOD. That is a question for another branch of the Government to pass upon. As to the freight rates to New York, you agree with the former witness in the statement that he made?

Mr. PORCHER. That is correct absolutely, excepting one item. It is stated that the transportation from interior points to Habana is 7½ cents, as compared with our 10 to 35 cents.

Mr. CLARK. Do you not have water transportation from Jacksonville to New York?

Mr. PORCHER. Yes; eastward, but not westward. I am speaking of the western gateway.

Mr. CLARK. Where do these flies that you have been talking about come from? How did they get into Florida to start with?

Mr. PORCHER. It is really not known. It is like the question being asked as to where the first oranges came from. We are told that the Spaniards did not eat the sweet red fruit.

Mr. CLARK. How long ago did these flies come in?

Mr. PORCHER. I think about twelve years ago.

Mr. CLARK. Do they have them in Cuba or in the other West Indian islands?

Mr. PORCHER. Not as yet.

Mr. CLARK. Do you suppose they were brought in accidentally in a package of some sort?

Mr. PORCHER. It is questionable; we don't know. It is really the *Alyrodes citri*. There may be such a pest in Japan or in the Malay Peninsula, but at the present moment I can not state beyond the fact that we know it is in Florida.

Mr. CLARK. Are pineapples raised all over Florida, or in the southern part of it?

Mr. PORCHER. On the east coast of Florida, which is the producing section. That is the next matter that I desire to take up.

Mr. NEEDHAM. Speaking about the labor cost of 30 cents a box, do you mean the annual cost in cultivating and harvesting and boxing?

Mr. PORCHER. I meant that that would be a fair average cost.

Mr. NEEDHAM. You do not include in that the original cost of the land?

Mr. PORCHER. Not at all; I mean the production of the crop.

Mr. NEEDHAM. The annual charge?

Mr. PORCHER. The annual charge.

The matter of pineapples is the point that I want to touch on forcibly, although I may repeat in part statements that have been made. We produced last season on the east coast 690,000 crates, while the importations from Cuba were about 840,000 crates. In addition to that we had importations from the Hawaiian Islands which have not been mentioned at all. We had importations from Porto Rico, and we had importations from Jamaica to contend with.

The pineapple situation with us is such on the east coast that we produce out of that 690,000 crates, 640,000 crates; in other words all the rest of the State produces but 50,000 crates. That is produced now on the mainland because the storm of a few years ago swept away the products of the keys. It is in a section of the country where it has been necessary to go to extreme expenditures in matters of not only preparing the land, which has been done, but in the cost of fertilization, which runs up as high as 4,000 pounds per acre per annum. In addition to that, with the increased cost of labor, the increased cost of crate material, we find that about an average of 90 cents, even running up to \$1.10, according to other averages made, is the cost to produce a crate of pineapples and deliver it on board the cars. The pineapple industry is more subject to frost than oranges, and for a frost to get into an orange tree requires what we term a freeze, but a frost will get into the pineapples just as it would into a tomato plant, for it is a very tender plant.

Now, that section of Florida has this competition with Cuba: The Cuban product starts in a little earlier, but it practically continues

throughout the season, barring only severe rains, which make their fruit not carry well. When those rains pass they start picking again, and they are enabled with this present tariff to get their product in and take the markets away from us to a degree that we are not able to make reasonable profit on the result. And under those circumstances we are going to ask you gentlemen to accord us the same rate that is applied upon citrus fruits at the present time, which certainly will not be excessive.

And, just as a wind-up, I would like to say that the question has been brought up by one of the gentlemen here touching upon the question of the Board of Trade of Jacksonville, and I would like to say that there are two points with reference to that. Our association is three-quarters Republican, and the Board of Trade of Jacksonville is no doubt half or possibly five-eighths or three-quarters Republican. But let me go further, gentlemen, and say this to you—that if you will eliminate the three clauses, the thirteenth, fourteenth, and fifteenth amendments to the Constitution, that we object to in the South, we would not have any Democratic party.

I thank you very much.

**STATEMENT OF F. G. M'MULLEN, OF WALTON, FLA., WHO WISHES
AN INCREASE IN THE DUTY ON PINEAPPLES.**

WEDNESDAY, November 18, 1908.

Mr. McMULLEN. Mr. Chairman and gentlemen of the committee, I just got here this morning and consequently left all my data at the hotel, so I have asked permission to file that later.

I will speak as a producer of pineapples, and also in explanation of the question which Mr. Chase could not answer, and shall try also to throw some light upon it. In a rate case before the Interstate Commerce Commission a short time ago the railroads contended that the average haul or charge for the pineapples and oranges in Cuba was only $7\frac{1}{2}$ cents up to Habana. That applies on oranges and pineapples alike.

Now with respect to the pineapple situation I will say that it is a little bit out of its native element as to soil in Florida. We run some chance of having our investments swept out in one night by a freeze. But the industry has been established there for the past twenty-five or thirty years, though some fifteen years ago it only amounted to about 90,000 crates. Up to that time the Cuban pineapple did not compete with us after the 20th of May; that is when the rainy season started in; the fruit would not carry, so they could not ship. They are now planting on high land, and are able to compete with us throughout the entire shipping season of Florida.

Relative to the cost of production in Cuba, we have the statement of the Cuban Horticultural Society reports, which state that they can produce them for 20 cents a crate. We can not produce a crate of pineapples in Florida under 70 cents under the most favorable conditions, in the field, not packed, and on up to 90 cents. We strike an average of 75 or 80 cents. I will say that we ask for the same consideration in the tariff that the citrus fruits are getting to-day. It

costs more to produce, in the field, a box of pineapples than it does a box of citrus fruit. We draw 14 cents a crate, and they draw 80 cents. Cuban pineapples, costing 20 cents to produce, and 35 cents to pack, we will say, 14 cents duty, 32 cents transportation to New York, and then add your 7 cents or $7\frac{1}{2}$ cents or 10 cents—they can place them there for \$1.11 f. o. b. New York. Florida pineapples will cost you \$1.80.

Now, we only have one advantage in Florida, and that is, by fertilizing our fruit carries up and holds up better. After their rainy season sets in their fruit does not command the price that ours does, but they have five or six weeks of advantage in the earlier market, during which time we are not competing with them. After the 20th of May or the 1st of June, and the rains start in—it is not that the Cuban pineapples make most of the money after that time, but because of the cheap cost of production, the cheap transportation; they ship everything. I understand that from 40 to 60 per cent of the crop goes into New York after that time showing much waste.

Now, a 70-cent duty on pineapples would not be prohibitive. That would not put us on a parity with the cost of production in Cuba. I am not speaking of the immense amount of money that it takes to produce an acre of pineapples in Florida. If we have a duty on there, I do not believe it would be an injustice to the Cuban producer, for he keeps shipping and shipping and shipping, and is dumping and dumping and dumping, putting a cheap article on the market, which only makes a glut, so that it is almost impossible for the Florida producer to go into Chicago or New York territory.

The CHAIRMAN. Pineapples in Florida are raised under cheese cloth very largely, are they not?

Mr. McMULLEN. No, sir; not 1 per cent.

The CHAIRMAN. I have seen them growing there, and I did not know whether it was general or not. It was done to protect them from frost.

If you had all the duty you wanted on pineapples, you still would have the competition of Porto Rico. They can raise them there naturally, much easier, and at a less price than in Florida, and Porto Rico is part of the United States. Do you not think you ought to let them raise them there?

Mr. McMULLEN. Yes; we are willing; but I do not believe that Porto Rico can ever be a serious competitor of the Florida pineapple, on account of the time they ship.

The CHAIRMAN. Well, there is as much capital going in there proportionately as there is in Cuba?

Mr. McMULLEN. Then I have been misinformed. According to my understanding the majority is going into Cuba, and the largest plantings are in Cuba, according to the statistics I have.

The CHAIRMAN. You will always have the frost to contend with in Florida?

Mr. McMULLEN. No, sir; we have had but three frosts in the life of the industry.

The CHAIRMAN. But you can raise oranges and lemons where you can not raise pineapples, on account of the cold weather.

Mr. McMULLEN. We can not raise anything on pineapple land but pineapples.

The CHAIRMAN. But that does not answer my question. The same degree of frost that affects oranges would probably kill pineapples entirely, would it not?

Mr. McMULLEN. No, sir.

The CHAIRMAN. A low temperature will kill pineapples rather than oranges or lemons?

Mr. McMULLEN. That is true. But, again, 28° of temperature the pineapples have withstood, but that has often killed orange trees. It depends upon the climatic conditions. A freeze that will kill orange trees will sometimes not kill the pineapples.

The CHAIRMAN. They will not thrive in cold weather?

Mr. McMULLEN. They do not like it; no.

The CHAIRMAN. It is death to them?

Mr. UNDERWOOD. You say that you want pineapples put on the same basis with respect to duty as citrus fruits. What do you mean by that?

Mr. McMULLEN. Citrus fruits are drawing 80 cents a crate or 1 cent a pound.

Mr. UNDERWOOD. But the crates are not of the same size as those for pineapples?

Mr. McMULLEN. They are rated pound for pound all over the United States at the same rate.

Mr. UNDERWOOD. But their values are not the same. What do you sell a crate of pineapples for?

Mr. McMULLEN. They being a luxury, we can only get what a man is willing to pay for them.

Mr. UNDERWOOD. What price?

Mr. McMULLEN. They will average from \$1.25—in some years when we have a short crop we get as high as \$1.40 to \$1.50 on the average.

Mr. UNDERWOOD. How does that compare with the lemons and oranges in crates?

Mr. McMULLEN. Well, I presume it is about the same.

Mr. UNDERWOOD. The reason I ask you is that I notice here that the rate of lemons, the ad valorem rate, for 1907, is estimated by the Government to be 36 per cent and a fraction; oranges for 1907, 55 per cent and a fraction, and on pineapples 43 per cent and a fraction. The reason why I mentioned citrus fruits was this: Would the same protection that is given on lemons cover what you want on pineapples, and not make a prohibitive tariff?

Mr. McMULLEN. Yes, sir.

Mr. UNDERWOOD. That would still leave it a revenue tariff?

Mr. McMULLEN. It would not be a prohibitive tariff in this way: It would prevent the tail end of that shipment, which they don't get anything for, and which injures us more than any other one thing. The selling price of pineapples is practically the same in all markets, usually.

Mr. UNDERWOOD. I notice from the reports that the ad valorem rate is estimated on the value of the product and not on their demand. One is 59 per cent ad valorem, and the other, for the year 1907, estimated on the value of that crop, is 36 per cent.

Mr. McMULLEN. I am afraid that report is wrong.

Mr. POW. Is the pineapple industry in Florida increasing or decreasing under present protection?

Mr. McMULLEN. It is increasing, and it will always be as long as anybody is in business. You have got to keep planting; you can not stop it.

Mr. Pou. Have growers been making a reasonable profit under this protection?

Mr. McMULLEN. They have not in the past four years. After the Cuban war, when Cuba had a setback in its industry, they did make money. But in recent years the situation has changed and now capital is developing down there fields of thousands of acres, and it means that with their present cheap production the Florida industry is going to be worse off than ever. The Florida industry represents an investment of some four or five millions of dollars in pineapples. That land can not be applied to the growing of anything else, for it will not produce anything else. We have practically to produce our pineapples with fertilizer.

Mr. Pou. The duty is 14 cents a crate, is it?

Mr. McMULLEN. Yes.

Mr. Pou. What would the import duty be on the same crate that pays 14 cents?

Mr. McMULLEN. According to their estimates, I think, 70 cents, the same as the orange tariff.

Mr. Pou. That would be a prohibitory duty.

Mr. McMULLEN. No, sir; the Cuban pineapples sell from \$3.50 to \$4 at times.

Mr. Pou. Then it does not matter about the duty?

Mr. McMULLEN. Yes; we want the shipments to continue the same as before. It is the tail of the Cuban shipment that we want to prohibit. On account of the rains down there the shipments do not always come in in good shape. What we want to do is to prohibit the tail-end shipments of Cuban pineapples. If the market here was empty, the Cuban pineapples would still bring the same amount.

Mr. BOUTELL. To what extent are you canning fruit in Florida?

Mr. McMULLEN. None at all.

Mr. BOUTELL. Why not?

Mr. McMULLEN. It is on account of the price of labor; and then again the supply of fruit is not sufficient to keep the canneries running. We have nothing to keep the industry going all the year round. The fruit comes in by itself, and it is in a territory by itself, and if we shipped we could not pay the local freight of 25 cents per crate.

Mr. BOUTELL. Then you can not have canned pineapples down there?

Mr. McMULLEN. No, sir.

Mr. BOUTELL. How are they eaten; are they eaten raw?

Mr. McMULLEN. Yes, sir.

Mr. BOUTELL. Do you know anything about citrus fruit?

Mr. McMULLEN. I am a small shipper.

Mr. BOUTELL. The freight to Chicago would be \$1.25 to the jobber?

Mr. McMULLEN. We can not lay them down in Chicago under \$1.90.

Mr. BOUTELL. Say \$2 per crate.

Mr. McMULLEN. All right.

Mr. BOUTELL. How many pineapples are there ordinarily in a crate?

Mr. McMULLEN. Thirty.

Mr. BOUTELL. How many oranges are there in a crate?

Mr. McMULLEN. I am not able to state, but a gentleman says here there are 150 and another gentleman says there are 176.

Mr. BOUTELL. That would mean one-fourth or three-eighths of a cent on an orange, which would not have much effect on the price. Who gets the remaining large profit, amounting to from 60 cents to 90 cents per dozen? Does that go to the jobber or to the retailer?

Mr. McMULLEN. The majority of it goes to the retailer. If you take perishable articles, generally you must take what price the other man is willing to pay. At certain times in the year when you can get good prices it is all right, but in quite a number of times they do not pay expenses. We are talking about the average years. There are times when you make a large profit, but there are many, many times when the market is flooded with pineapples and you do not make a profit.

Mr. CRUMPACKER. Do you know what the Hawaiian importation amounts to?

Mr. McMULLEN. They do not interfere with us seriously on account of the transportation. We are shipping to California and we are exporting to England. What we are trying to do is to protect ourselves when both we and Cuba are shipping. We have exported from 40 to 50 cars to Canada and about 7,000 crates to England.

Mr. CRUMPACKER. What percentage of the entire consumption of pineapples in this country is produced by the American pineapple growers?

Mr. McMULLEN. Very nearly one-half. You understand that the Cuban pineapple is shipped something like two months before ours. After that their shipments go along through the summer.

Mr. CLARK. How old must a plant be before it bears?

Mr. McMULLEN. It will bear within two years after it is planted.

Mr. CLARK. How long does it last?

Mr. McMULLEN. From seven to ten years, in some places longer.

Mr. HILL. Is the United Fruit Company a producer in this country?

Mr. McMULLEN. I do not think so.

**SUPPLEMENTAL STATEMENT SUBMITTED BY E. P. PORCHER,
REPRESENTING THE INDIAN RIVER AND LAKE WORTH PINE-
APPLE GROWERS' ASSOCIATION OF FLORIDA.**

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: This association, formed in 1891, was organized, not for the purpose of controlling prices or forming a combine against consumers, but solely with the intent to improve the product, pack in suitable carriers, and combine in the forming of car-lot shipments, with a wide distribution of the product, basing its prices on the law of supply and demand.

We are asking for an increased duty on pineapples.

The duty on pineapples as provided under paragraph No. 268 of the Dingley tariff act of July 24, 1897, reads as follows:

"No. 268. Pineapples in barrels and other packages, seven cents per cubic foot of the capacity of barrels or packages; in bulk, seven dollars per thousand."

We ask the changing of the above paragraph to read:

"No. 268. Pineapples in barrels, crates, or other packages, one cent per pound; in bulk, fifteen dollars per thousand."

The Cuban standard crate, copied after our crate, is $10\frac{1}{2}$ by 12 by 36 inches, approximately $2\frac{1}{2}$ cubic feet, yet under the Dingley Act, as now enforced, these crates are assessed at a duty of 14 cents per crate.

Under the duty in bulk, \$7 per thousand, the rate on a 30 size pineapple by the crate, would be 21 cents, but noting this as against him, the Cuban importer now fetches in his pineapples in crates and pays but 14 cents per crate.

Attention should also be called to the so-called unmerchutable bad order goods imported, on which a ruling was made giving allowances for fruit, supposedly in bad order to have duties remitted, the fruit to be "dumped."

In this connection, witness the frauds as shown by the conviction of Seward and others at Baltimore, with the natural inference that many other such cases had been undetected or the evidence insufficient for conviction.

It was shown that vast quantities of fruit were brought in marked as bad order unmerchutable and were supposedly dumped that were actually in perfect order and entered into competition with our fruits, having entirely escaped paying duty.

In asking for this rate of duty we are not asking for a prohibitive tariff, knowing full well that, with his cheapened cost of production, the foreign producer can well afford to come into our markets, but we do know that it will make him more cautious in the growing, handling, and packing of his product, and that he will be able only to place an article of the highest value in competition against us; and that the disastrous condition as at present with large lots of poor fruit of small sizes and in bad order sent in to demoralize the markets, disgust the consumer, and create a prejudice against the pineapple, and in many cases turn the consumer to using other fruits in its place, will be prevented.

We see each season these effects most plainly where the "dog in the manger" policy seems to prevail, and the foreign pines continue to come in right through the whole season and when market conditions do not really warrant, a loss to the importers, a menace, yes, a disaster to our home-grown fruit and with absolutely no benefit to the consumer.

Glutted markets, spasmodically glutted with fruit in bad order are valueless to the consumer, whereas regular markets, at fair prices, with fine fruit arriving in sound condition, are what benefit the consumer; and these we within the confines of United States territory are prepared to furnish and can furnish if the duty as prayed for is made effective.

The cost of production with us is heavy, and with the price of land at \$100 per acre, the cost of clearing and preparation more than equaling the original cost, with no other product possible on this

land except pineapples, with fertilizers used at the rate of 4,000 pounds to the acre per annum, and with labor receiving from \$1.25 to \$2.50 per day, we are in need of a fair protection against the cheap lands and labor that produce the foreign pineapple.

We submit that the producer of the raw material, bearing all the heavy cost of embarking in this business, is entitled to more than the tariff covering revenue for the Government, but that he is entitled to the protection and fostering of such American industries, especially where it can be shown that this means a possibility of a sufficiency of this entire product being produced for supplying at a reasonable price to the consumer all that is needed for consumption in these United States.

With their small cost for land and no fertilizers used, the Cuban grower has a maximum cost for labor of 80 cents per day, and at times much less figures, whereas we have a minimum cost for labor of \$1.25 per day, with the average for a large part of the season above \$1.50 per day, and a part of the year we pay as high as \$2 and even \$2.50 per day.

We are not in favor of poorly paid labor, and the fact of the demonstrableness of our contention is the neatness and comfort in the homes and the material progress of the working class on the east coast of Florida, where the pineapple crop of the United States is produced.

Florida produced a total of 690,000 crates of pineapples last season, and of this the east coast section of that State produced 640,000 crates.

We contend, and can show, that this same section can very shortly produce 2,000,000 crates, and these be put into market at reasonable prices to the consumer and a fair profit to the grower if the tariff as asked for be placed.

It is shown that the cost of producing a crate of pineapples f. o. b. cars is from 70 to 90 cents per crate, this cost varying with soil and weather conditions, and it should be borne in mind that after caring for these plants eight years at an annual yearly cost these fields have to be replanted, with as high or higher cost per acre for removing the old plants, preparing the land anew, and replacing some of the lost humus, as was the original cost of the land.

Our association records show a net average to the grower of \$1.26½ per crate f. o. b. cars at shipping point.

Thus this crop, which can not be estimated fairly to produce a larger yield than an average of 150 crates per acre, and occupying as it does, lands that are unfit for any other product, yet supplies well-paid employment to American labor. Let me emphasize this, American labor—not foreign—with a heavy investment of capital should be protected to the extent asked, which is only just and reasonable and in accord with the spirit of the American protection system, which is so graduated between the capital that establishes, the labor that produces, and the public that consumes, as to be the most desirable adjunct of the Government in promoting the general welfare of the people of the United States.

We are not in favor of any form of ad valorem duty, as it can be shown under this form the valuations are so reduced as to make it practically inoperative.

It has been urged that it is best to have the duty charge per cubic foot, and, when in bulk, per thousand.

We find the duty on citrus, which is regulated on tariff per pound, is most satisfactory, and we ask that the duty on pineapples shall be assessed per pound when in barrels, crates, or other packages, and in bulk, per thousand.

It can be shown that the very life of this great industry is at stake; that we have produced a very large share of the total consumption of this fruit, as grown by us, the finest of its kind in the world, and that we have the capacity to produce in a very short time all of this fruit that is needed by our people, and be able to supply them at a reasonable price.

In the matter of lower freight and lower cost of production the Cuban pineapples have more than an offset for the tariff duty we ask as an equalizer, which will enable us to hold up our present acreage and increase with new fields sufficient areas to amply supply the entire markets of the United States, and in this matter we have taken note of the fact of Cuba having a reciprocity agreement whereby a reduction of 20 per cent on any schedule is given the said republic of Cuba.

We have endeavored to bring forward our contentions as simply and plainly and with as little elaboration as possible, and our cause is so plain and so just that we feel sure of its prompt recognition with the adoption of the paragraph covering pineapples to be embodied in the new tariff as follows:

"No. 268. Pineapples in barrels, crates, or other packages, one cent per pound; in bulk, fifteen dollars per thousand."

Very respectfully,

E. P. PORCHER,

*General Agent and Special Representative Indian River and
Lake Worth Pineapple Growers' Association of Florida.*

THE INDIAN RIVER PINEAPPLE GROWERS' LEAGUE ASKS FOR INCREASED PROTECTION FOR ITS PRODUCTS.

WASHINGTON, D. C., December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Indian River Pineapple Growers' League is a voluntary association whose purpose is to secure better commercial conditions for the Florida pineapple industry. This association during the past year endeavored, before the Interstate Commerce Commission, to have the freight rates reduced, which decision will be referred to later.

A pineapple crate measures 10 by 12 by 36 inches and contains 2½ cubic feet; weighs 80 pounds when packed.

The cost to establish an acre of Florida pineapples is—

Land	\$100.00
Clearing land	75.00
Plants at \$5 per 1,000	70.00
Setting plants, per acre	30.00
Fertilizing, two years	120.00
Labor	60.00
Equipment, houses, wagons, etc	45.00

500.00

No allowance for interest on investment.

After a field is established there is an annual charge, as follows:

For fertilizers	\$70.00	
Labor and depreciation	75.00	
		<u>\$145.00</u>
Average annual yield, 180 crates.		
Average cost per crate to produce, 70 to 80 cents.		
Average cost to pack:		
Crates	0.15	
Labor .....	.20	
		.35
Average cost of transportation to eastern markets .....		.75
Average cost per crate to produce .....		.70
The average cost to produce, pick, pack, and deliver to eastern markets, per crate		
Compared to the Cuban industry:		1.80
Average cost to produce, per crate	\$0.20	
Average cost to pack .....	.35	
Average cost transportation, New York .....	.31½	
Average cost transportation, Cuban seaport .....	.07½	
Duty paid .....	.14	
		<u>1.08</u>
In favor of Cuban product		\$0.72
Increase of duty asked .....		.66
Balance in favor of Cuba		<u>.06</u>

WESTERN MARKETS.

Average cost to produce and pack, Florida	\$1.05	
Average cost transportation .....	.85	
Average cost to deliver		1.90
Average cost to produce, Cuba .....	.55	
Average cost transportation seaport .....	.07½	
Average cost transportation .....	.59½	
Duty paid .....	.14	
Average cost to deliver		<u>1.36</u>
In favor of Cuba .....		.54
Increase of duty asked on Cuban tariff .....		.66
Difference in favor of Florida, delivered western markets .....		.12
Difference in favor of Cuban, delivered eastern markets .....		.06

The setback the Cuban industry received during the Spanish war, induced a large number of people to engage in the pineapple industry in Florida. The industry has grown from 106,000 crates in 1897 to about 725,000 crates in 1908, which was decidedly a short crop.

The injustice of the present low rate of tariff against the American producers is apparent. The American producer has to pay high prices for labor and for all protected articles connected with his business, and is compelled to sell his product, in active competition, against foreign cheap labor and natural advantages.

The Florida pineapple is somewhat out of its natural element as to soil and requires a large amount of fertilizer, and through this demand helps in a large way other American industries.

It is one of the chief sources of revenue of the Florida East Coast Railway and quite an item for all southern railways, paying annually some \$650,000 in freight on the fruit alone.

American labor could not exist in Florida, where most necessities are abnormally high, at the prices paid foreign labor.

The heavy imports into the markets of the United States of Cuban pineapples has compelled the American producer to export his product, while the Cuban pineapples occupy the markets of this country. The high freight rates limits the amount profitably exported to about 75 carloads annually to Canada and 25 carloads to England. Cuba has now followed the American product into Canada and has practically driven Florida pineapples from the east Canadian markets.

The present duty of 14 cents a crate on Cuban pineapples is absorbed by the difference in cost of transportation charges alone.

Compared: Cuba to seaport $7\frac{1}{2}$ cents, from Habana to New York $31\frac{1}{2}$ cents, plus 14 cents duty, shows a total of 53 cents. Florida to Jacksonville 25 cents, Jacksonville to New York via Clyde Line 35 cents, shows a total of 60 cents per crate, or 7 cents per crate more than is charged from Cuba, plus 14 cents duty. While the average all-rail rate to eastern markets is 70 cents, it shows a charge of 10 cents in favor of Cuban pineapples with duty paid.

To deliver Cuban pineapples to western markets, plus 14 cents duty, is 8 cents. The average rate paid on all Florida pineapples to Chicago or western markets is $85\frac{1}{2}$ cents. The present duty gives absolutely no protection, but is entirely absorbed by the difference in transportation.

The cost to produce a crate of pineapples has increased under the Dingley tariff $33\frac{1}{3}$ per cent, while the net price of late years has decreased.

	1897.	1908.
Cotton-seed meal.....per ton..	\$18.00	\$32.00
Crate material.....per 100..	9.50	13.50
Labor, negro.....per day..	1.00	1.50
Labor, white.....do.....	1.50	2.50

The average net for 400 cars of pineapples handled season of 1908 by Mr. E. P. Porcher, general agent, Indian River and Lake Worth Pineapple Growers' Association, was \$1.26 per crate. For 500 cars handled by Chase & Co., about the same amount. The purchase price in Cuba in 1908 was \$1.30 per crate.

The Cuban pineapples begin to arrive in American markets in large quantities the last of March. Florida pineapples begin to move the last of May. This gives Cuban pineapples a free market without competition for two months and at such times are often quoted at \$3.50 to \$3.75 per crate. They continue to ship in active competition with Florida, the remainder of the season. Cuba imported by June 1,491,958 crates. Cuban imports, with the Florida crop, placed over 1,000,000 crates on American markets within six weeks, beginning June 1. This caused ruinous prices to the American producer.

The Florida pineapple industry is rapidly increasing and will continue to do so if given sufficient protection, and can supply at a reasonable price sufficient pineapples for all demands in American

markets during the regular season and with Hawaiian Islands and Porto Rico furnish a supply for all the year.

The pineapple is in no sense a necessity, but is a luxury, and for this reason will be purchased by its regular consumers at a fair price, hence the amount of duty received by this Government if the present duty is increased to 1 cent per pound will be \$640,000. This great benefit to the Government will impose no hardship and will be paid willingly, and at the same time protect a large American industry which consumes a large amount of American products in its production.

Regarding Chairman Payne's statement of injury by cold, we cite the following: December 23, 24, 25, 1905, the temperature registered 27 degrees and formed ice each day. The entire pineapple producing section withstood this temperature and produced 562,000 crates of pineapples that season. This did not cause as large per cent of loss as was suffered by the citrus industry. However, there is a liability of loss of crop should a much lower temperature result, but with reasonable profits would and must be immediately replanted or cause abandonment of land and improvements valued at \$200 per acre.

Florida has furnished a regular crop for the past 11 years.

The Hon. Commissioner Prouty says, page 502, before Interstate Commerce Commission, Florida Fruit and Vegetable Shippers' Protective Association *v.* Atlantic Coast Line Railway Company et al.:

"Pineapples are imported in large quantities into the United States from Cuba. They come by water to various Atlantic ports and are transported from there to interior destinations, and they are also brought into the Gulf ports, reaching the Middle West and as far east as Buffalo by this route. The cost of water transportation is low and the rates made to interior points, especially from the Gulf, are also low. It is said that the low cost of labor in Cuba, the natural fertility of the soil, which requires no fertilizer, the abundant crop, enable the Cuban pineapple to drive its American competitor from our markets, and that unless the rates of transportation are reduced in Florida the industry in that State can not sustain itself.

"It is no business of these defendants and no part of the duty of this commission to establish such railway rates as will, at all hazard, enable the American products to compete with foreign product. Undoubtedly these competitive conditions must be considered and rates made, when that can properly be done, which will enable the traffic to move, but when reasonable rates have been established it is for Congress to say whether the foreign products shall be admitted to our market. If the present duty is not sufficient these defendants can not be required to reduce their charges for the purpose of keeping out the foreign article."

The pineapple industry is the sole occupation of thousands of people who are dependent upon it for their sustenance. No individual's shipment exceeds 40 carloads annually. The pineapple industry is mostly owned by people who have come from the Northern States and represent every State north of the Potomac River and west to Colorado.

The majority of these people are Republicans and favor a protective tariff. Why should Republicans in Florida in favor of a pro-

protective tariff not have it on an industry they largely control? To the Democratic Members we say, Why should Democrats in Florida have to buy highly protected articles and ship against no protection?

Compared to cost of production and market value, pineapples are entitled to and demand the same rate of duty as citrus fruits now have, or 1 cent per pound, when packed in crates or barrels, and \$15 per 1,000 when shipped in bulk for canning purposes.

We ask that paragraph No. 268 be revised to read as follows: Pineapples in barrels and other packages, 1 cent per pound; in bulk, \$15 per 1,000.

Respectfully,

F. G. McMULLEN, *Representative for*
INDIAN RIVER PINEAPPLE GROWERS' LEAGUE.
C. A. ROBINSON, *President.*
HARRY JENNINGS, *Secretary.*
F. W. WILLES,
THOMAS HELLER,
GEORGE E. COON,
S. F. WEBB,
R. E. BRUY,
C. H. RACEY,
H. E. SEWALL,
W. H. BESSY,
Committee.

F. G. McMULLEN, WALTON, FLA., FILES SUPPLEMENTAL STATEMENT RELATIVE TO CUBAN PINEAPPLES.

WALTON, FLA., *December 20, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Supplement to brief concerning tariff on pineapples, in answer to statements filed by John McCormick and Albert Merritt, importers.

The said statements filed by John McCormick and Albert Merritt are wrong in all particulars, viz:

First. A barrel of pineapples weighs 160 pounds, and a duty of 1 cent per pound would be a duty of \$1.60 per barrel instead of \$3.50 as per their statement.

A crate of pineapples weighs 80 pounds, and 1 cent per pound duty means 80 cents per crate duty.

The average sale of Cuban pineapples during March, April, and May exceeds \$5 per barrel, and often reaches \$7.50 per barrel, and later lower prices are caused by overstocked markets, which also cause loss to the Florida producer.

Second. The cost to produce and deliver Cuban pineapples in bulk f. o. b. New York to-day is \$23.35 per 1,000 with present duty paid. With present duty increased to \$15 per 1,000, as per our request, the cost would be \$31.35 per 1,000, leaving a profit of \$19 per 1,000 at the lowest average selling price.

Third. The large profits in Cuban pineapples is not returned in American products. Cubans buy little or nothing in America to pro-

duce their crop of pineapples and produce at home their main articles of food.

Fourth. Cuban pineapples could be imported with profit into this country and pay 2 cents per pound duty, until active competition with Florida ruins the market. Hence, a duty of 1 cent per pound is not prohibitive, but merely places the American producer on an equal basis as to cost of delivery f. o. b. markets.

With 1 cent per pound duty Cuba can deliver pineapples f. o. b. New York for \$1.74 per crate of 80 pounds, while Florida can not deliver its pineapples there for less than \$1.80 per crate. This gives Cuba 6 cents advantage with the 1 cent duty, which we propose, and is positively not prohibitive.

Fifth. There would be no delay caused by tariff reading "by pound." For instance, all crates are estimated at $2\frac{1}{2}$ cubic feet, and 80 pounds; barrels at 5 cubic feet, and 160 pounds. Therefore we request that all crates of $2\frac{1}{2}$ cubic feet be estimated at 80 pounds, and barrels of 5 cubic feet at 160 pounds, when collecting this tariff.

Sixth. We call your honorable body's attention to the importance of a pineapple importer. He creates no value, nor adds any to articles he handles. The said John McCormick and other importers never buy or invest one dollar in the pineapple business. They receive this merchandise on a commission basis, charging at least 10 per cent on the gross sales for disposing of same, and have not a dollar invested, or at any risk of loss.

The said John McCormick has told his Florida customers that he would not oppose an increase of duty to 35 cents per crate, or one-half cent per pound, as this amount would equalize the difference in cost of transportation, but would not grant protection for the difference in cost of production.

Seventh. We would also call your particular attention to the fact that the Cuban pineapple does not come in serious competition with, other fruits, having two months' free market, while the Florida producer must compete with Cuban pineapples at all times, and also has in addition cantaloupes and Georgia peaches, two very popular articles of food.

We submit the above facts for your consideration.

Respectfully,

INDIAN RIVER PINEAPPLE GROWERS' LEAGUE,
Represented by F. G. McMULLEN.

CERTAIN NEW YORK CITY IMPORTERS PROTEST AGAINST ANY ADVANCE IN THE DUTY ON PINEAPPLES.

81 BEACH STREET,
New York City, December 31, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We, the undersigned, respectfully show to your committee that we are the largest and, practically, the only importing houses in the city of New York engaged in the importation of pine-

apples from the island of Cuba. We are thoroughly familiar with the pineapple business and can speak with authority upon the subject.

We are informed by the newspapers that certain parties have appeared before your honorable committee and requested you to recommend to Congress an increase in the duty upon the importation of pineapples; this means, to all intents and purposes, an increase in the duty upon pineapples imported from the island of Cuba alone. The main sources of supply for pineapples consumed in the United States are, namely, the islands of Cuba and Porto Rico, the Hawaiian Islands, and the State of Florida; the imposition of a duty or the increase of the present duty upon the importation of pineapples would affect simply and only the business done with the island of Cuba and would be a direct attack upon the business done with that island.

We are strongly opposed to an increase of duty; we are strongly opposed to the imposition of any duty upon the importation of pineapples, and now respectfully petition your committee that you not only recommend no increase in the present duty, but that you recommend that the present duty be removed and that no duty whatsoever be imposed upon the importation of pineapples into the United States.

We desire to call the attention of the committee to the fact that the area of land within the United States suitable for the purpose of raising pineapples is very limited and is confined to the State of Florida alone. The area within that State suitable for the purpose is very small and, we are informed, is practically already taken up with the cultivation of pineapples; the area can not be increased; the crop, therefore, under the present system of cultivation, can not be greatly enlarged; Florida, therefore, can not be depended upon to supply the United States with a sufficient amount of the fruit to supply the demand; in fact, the total supply from Florida, in a good season, and from Porto Rico combined would not fill more than about 50 per cent of the amount of pineapples consumed within the United States.

We also call the attention of the committee to the fact that the climatic conditions in the State of Florida are such that not infrequently the temperature is so low as to produce freezing, and that such condition could and would probably ruin the whole pineapple crop in that State; briefly, the market can not depend upon the Florida crop alone for its supply. Should the crop fail by reason of cold or other climatic causes or for any reason whatsoever, and the amount of duty have been increased as now proposed, and the importation of the fruit from Cuba have been checked or prohibited, as would be the natural result of an increase of duty, then the United States would be practically without the fruit for either table uses or manufacturing purposes.

We also respectfully show to the committee that the character of the Florida fruit is in a class by itself; that the fruits from the respective countries of Cuba and Florida, because of this difference in quality, can scarcely be said to be competitors of each other; and that, furthermore, the fruits from the island of Cuba and the State of Florida arrive in the markets of the United States at different periods of the year, the Cuban crop being about harvested when the

bulk or the larger portion of the Florida crop commences to come into the market.

The attention of the committee is particularly called to the well-known fact that the Cuban fruit is considered the best and most suitable of all the fruits in the market for manufacturing purposes. It can be positively stated that practically all pineapples at present used for manufacturing purposes in the United States are imported from the island of Cuba, with the exception of a small amount from the Bahama Islands. The market relies upon Cuba for fruit for such purposes. Should the duty be so raised as to hamper or prevent the importation of pineapples from Cuba into the United States, it would require no argument to show how materially would be affected the interests of those now engaged in dealing with pineapples for manufacturing purposes.

There is a branch of the business connected with the importation of pineapples to which, we believe, the attention of the committee has not been called, and we now desire to earnestly call the attention of the committee to the same. Fruit imported from Cuba is wrapped and crated before shipment; the paper and crates used for such purposes are shipped from the United States to Cuba; the wood from which the crates are made is American wood; the nails with which the crates are fastened are American nails; the paper in which the fruit is wrapped is American paper; the wood is grown in the United States; the nails and paper are manufactured in the United States. The capital engaged in the manufacture of the crates, the nails, and the paper is capital of citizens of the United States. A destruction of this capital and of this business would follow such an increase in duty as would make the importation of fruit from Cuba an unprofitable business. An increase in the amount of capital employed and an increase in the business would follow an abolition of the duty. The present rate of duty is a hardship, an increased rate would be prohibition. We ask that this business be not destroyed, but that the same be encouraged. The best encouragement would be not an increase in duty, but the cancellation of the present duty.

We also respectfully call the attention of the committee to the fact that the transportation of the fruit between Cuba and the United States is almost exclusively in American vessels, American bottoms. The freight is paid to Americans, to citizens of the United States; the benefits of the business of transportation accrue to our citizens. American sailing vessels, American steamers, American railroads are our means of transportation. A prohibition of importation means a loss to our citizens; means the destruction of business of citizens of the United States, a business which has been slowly building up under present conditions, but which would be destroyed under burdensome ones. We ask that no greater burden be put upon this business by an increased duty, and again ask that the present burden be removed.

We have spoken of ourselves, citizens of the United States; we now ask the committee to consider also the interests of the citizens of Cuba. The people in the United States desire, we believe, to help, not to injure, the island of Cuba and its inhabitants. Many of the citizens of Cuba are engaged at the present time in the cultivation of pineapples. The United States of America, as we have already

stated, is the main market for pineapples exported from Cuba; an increase of duty would mean the practical prohibition of the importation of the fruit; this would mean the cessation of the cultivation of the fruit and also mean ruin to many of the inhabitants of the island.

Your petitioners, the undersigned, are prepared to substantiate the statements herein made, and would be pleased, if so desired, to appear, either personally or through a representative, before your committee at any time, but they now most respectfully and earnestly pray that your committee do not recommend an increase in duty upon the importation of pineapples, but that you recommend that the present duty be abolished and pineapples admitted free into the United States from the island of Cuba.

Respectfully submitted.

L. J. P. BISHOP Co.,
 L. JESSE P. BISHOP, *President*.
 McCORMICK HUBBS & Co.
 A. BURNETT & Co.
 BUNE NUTTY Co.,
 Per D. W. BUHLER.
 W. H. BROWN Co.
 THE ROJAS HUTCHESON COMPANY,
 Per W. A. HUTCHESON, *Vice-President*.

**HON. ISIDOR RAYNER, SENATOR, SUBMITS PETITION OF THE
 CANNED GOODS EXCHANGE, BALTIMORE, MD., RELATIVE TO
 DUTIES ON PINEAPPLES.**

WASHINGTON, D. C., *January 6, 1909.*

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
 House of Representatives.*

DEAR SIR: I desire to submit to the consideration of your committee the inclosed petition of Canned Goods Exchange of Baltimore in connection with the contemplated tariff bill.

Very truly, yours,

ISIDOR RAYNER.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Canned Goods Exchange of Baltimore is composed of individuals, firms, and corporations engaged in the canning of fruits, vegetables, and oysters. The largest canners of pineapple in the United States are located in Baltimore and are members of this body. Your honorable committee is petitioned by this exchange to recommend to the Congress the abolition of the duty on fresh pineapple (pineapples in their natural state).

About fifteen years ago a duty of \$7 per thousand was laid upon fresh pineapples. The State of Florida had just then entered upon the cultivation of the fruit. It was thought at that time the State would be able to supply at least a quantity equal to that which was being imported from Cuba and the Bahama Islands, hence the duty. But Florida has never yet grown near a sufficient quantity of pine-

apples to supply the demand of the United States. At this time the importations from Cuba and the Bahamas exceed the Florida output by more than 50 per cent.

No dependence can be placed on the Florida crop from one season to another. The growing fruit is in continual danger from frosts and cold weather, which have practically ruined the entire crop in past years. We learn also the area for cultivation is very small and can not be increased.

For manufacturing purposes we must needs depend upon Cuba for a full supply. The Bahamas furnish but a small portion of fresh pineapple, though a large quantity of the canned pineapple is imported from the latter islands, the duty being reckoned at 25 per cent ad valorem. This condition makes the present duty very burdensome to the manufacturer in the United States.

Your committee must know that very large quantities of pineapples are canned in the Hawaiian Islands, as also in the island of Porto Rico, and that this canned pineapple is admitted in the United States free of duty. The large quantities of fresh pineapple annually grown in both these islands and the very low cost of labor required to produce the finished article (canned pineapple) make it almost impossible for the Baltimore canner to compete with this pineapple of foreign growth.

We learn from the newspapers a petition has been presented your committee from the Florida growers asking that the duty on fresh pineapple be advanced. We frankly state if this is done it will actually prohibit the packing of pineapple in this city and render useless the plants of the firms engaged in this great industry.

We feel as if the canning industry of Baltimore city should at least be on a parity with the large importations of canned pineapple from foreign soil and that we should not be subjected to an extra cost of production by the payment of a duty which at once cuts out the manufacturer from all competition.

We therefore pray your honorable committee to strike out entirely the duty on the fresh pineapple coming from the Bahama Islands and the island of Cuba, making the importation of fresh pineapple into the United States entirely free.

Respectfully submitted.

GEO. T. PHILLIPS,

President Canned Goods Exchange of Baltimore.

W. F. ASSAN, *Secretary.*

NUTS.

[Paragraphs 269-272.]

STATEMENT OF ALBERT H. WASHBURN, REPRESENTING CONFECTIONERS AND IMPORTERS OF NUTS, WHO RECOMMENDS AD VALOREM DUTIES FOR EDIBLE NUTS.

THURSDAY, *November 19, 1908.*

MR. WASHBURN. I shall ask the indulgence of the committee for a few moments only.

I appear for certain confectionery manufacturers and importers of nuts who desire a reduced import rate of duty and who think that

this can best be accomplished by the substitution of ad valorem for the present specific rate.

They have set forth their views in a memorandum which I shall pass up to the clerk, and I shall content myself with a brief reference to the two reasons upon which the request is founded.

First, under a present specific scale of duties imposed by paragraph 269 and the following paragraphs, importers pay not only for the nuts themselves, but they also pay for the dirt and impurities which those nuts contain. That has been a subject of some litigation, as I take it this committee is aware, and it seems to these people more equitable to have an ad valorem duty substituted. They would then, of course, pay a duty based upon the value of the nuts without reference to the worthless material which the nuts contain.

Secondly, they say if reasonable ad valorem duties were imposed the work of sorting and cracking and putting up nuts in boxes would be done in this country, whereas now it is largely done abroad. I mean by that, as this committee is no doubt aware, that the specific rates on unshelled nuts, if expressed in ad valorem terms, is much higher than the specific rates on shelled nuts expressed in ad valorem terms. The result is that the manufacturing confectioners of the country are obliged to import, or find it more profitable to import, shelled nuts, whereas if those two rates were equalized, most of this work of sorting and of putting up for the market would be done in this country.

Some illustration of that is found in the fact that the free list provides for Brazil nuts. Brazil nuts come to this country for the most part unshelled, and the work of sorting and shelling is done here; and I am told by my clients in New York that that is a very substantial industry and affords employment to a good many people, and if the work were generally done here, it is no exaggeration to say it would afford employment to thousands more. That is their case. I submit it upon the memorandum which I will pass up and file with the clerk of the committee.

Mr. CLARK. You want this specific duty changed into an ad valorem duty on both shelled nuts and unshelled nuts?

Mr. WASHBURN. Precisely that, Mr. Clark; that is right.

Mr. CLARK. Do you want the duty raised, or do you want it lowered in the end?

Mr. WASHBURN. We want an equalization and reduction. It is unequal now. For example, as I have pointed out, and as I think perhaps the figures of this committee will show, expressed in terms of ad valorem, the duty on unshelled nuts is much higher than the duty on shelled nuts.

Mr. CLARK. You want a higher duty on shelled nuts?

Mr. WASHBURN. No; we do not. My clients ask for a lower rate of duty than is now imposed, and they would prefer an ad valorem to the specific rate.

Mr. CLARK. Who are your clients?

Mr. WASHBURN. Manufacturing confectioners of the country and importers of nuts.

This memorandum which I have suggested I would file with the clerk is as follows:

We desire to speak for a moderate and equitable tariff on nuts. Fully 75 per cent of all the imports are practically raw materials,

and they have become more and more a popular necessity for the manufacturing confectioners from Maine to California. At the time of the Dingley tariff hearings some of the undersigned presented a petition signed by manufacturers representing the employment of about 17,000 people and the support of probably 50,000. These figures give but a poor idea of the number who would be benefited by a reasonable tariff. It concerns every manufacturing confectioner in the United States, all their employees and their families, thousands of retail confectioners and caterers and their employees, and, finally, millions of consumers, whose demand for imported varieties of nuts, in preference to all others, creates a market.

The present rates of duty upon nuts are all specific, and specific rates have in the past, we believe, had a preference, though *ad valorem* rates have sometimes been enacted. There were strong advocates of the advantages of an *ad valorem* tariff upon nuts when the present act was passed, but the matter was not pressed, partially through a misunderstanding on the part of some of the manufacturers. We now wish to express a decided preference for *ad valorem* rates. Such rates seem to us not only more equitable, but also more truly protective in character. Briefly stated, the reasons are:

1. We now pay a duty on dirt and impurities equivalent to the specific duty on nuts. The percentage of dirt and other impurities contained in nuts now varies between 3 and 6 per cent, according to the sworn testimony taken in court proceedings. Customs officials make no allowance whatever for these impurities, and it is difficult to prove the exact quantity in each shipment with mathematical precision. Under the present specific system duty is being regularly paid upon 3 to 6 per cent of impurities which are worse than useless, and this, of course, substantially enhances the amount of duty charged upon the nuts *per se*. The appearance of an appreciable quantity of impurities in many varieties of imported nuts has been a development of recent years—since the passage of the present tariff act, practically. The adoption of an *ad valorem* scale would relieve the importer and manufacturer of this burden.

2. A large part of the labor of cracking, picking, sorting, etc., would be done in the United States if the tariff on nuts was *ad valorem*. Under the present specific scale of rates the importation of nuts in the shell, for cracking and sorting purposes, practically does not exist. All the labor which is incident to preparing the nuts for the American market is performed abroad. If the duty were based upon value, a great part of the labor required to crack, pick, select, and condition the nuts, as well as putting them up in boxes with fancy markings and brands, would be done in this country. It is no exaggeration to say that this enhancement in the value of the crude article represents the labor of thousands of people. This is illustrated by the fact that Brazil nuts, on which there is no duty, are cracked here. This is, therefore, a matter of distinct interest to the wage-earner.

The difficulty and practical impossibility of fixing an equitable specific tariff on nuts or shelled nuts is seen by a reference to the approximate cost of shelled nuts during the present season. One of the largest varieties imported is almonds, upon which the duty is (par. 269) 6 cents a pound shelled. The *ad valorem* equivalents wherever given are based, of course, upon this specific rate.

Jordan shelled almonds, selected small, and packed in boxes of 25 pounds each, cost in bond, say, 40 cents, duty at 6 cents—15 per cent; large selected Jordans, 43½ cents. This is an exceptional season on account of the scarcity of selected small. The difference in price usually is 5 cents to 7 cents per pound.

Alicante shelled almonds, according to selection, packing, etc., cost this season in bond from, say, 19½ to 24 cents per pound. At 6 cents per pound on the cheaper packing the duty would be about 21 per cent, but as above prices are for selected and hand-picked goods, for which there should be an allowance of 1½ cents per pound, this would bring the cost down to 18 cents, and on this basis the duty would be 33⅓ per cent.

Valencia shelled almonds, so called, ordinarily cost an average of about, hand picked, selected, and packed in boxes, 19 cents to 20 cents; duty, 20 per cent. The goods not selected and in fancy packings at 18 cents would pay 33⅓ per cent.

Fancy-brand shelled almonds cost, say, 30 cents, duty 20 per cent, but Sicilian and Italian shelled almonds of many varieties, and which constitute a very large proportion of the imports, cost 14 cents to 15 cents in bond. Taking the low cost as value of the goods used for manufacturing purposes, we have a duty of nearly 43 per cent on an article of great necessity for a large industry that could not and does not use California shelled almonds at any price.

There are some absurdities in the present tariff closely related to the almond paragraph, to wit: Shelled almonds can be imported from France, Spain, Italy, etc., into Germany and converted into two distinct manufactured articles—almond oil, which is free, and almond meal, which pays a duty of 20 per cent. This almond meal, freed from the skin and all refuse matter and invoiced at a low valuation on account of being in a measure the by-product in the manufacture of almond oil, pays only a nominal duty, as compared with the almond meal made here, on which a duty of 6 cents per pound is paid on the almonds in the rough; in other words, a truckload of shelled almonds on which we pay \$660 duty (this truckload representing raw material for our manufacturers) is converted abroad into two manufactured articles by foreign labor, and the duty on this converted truckload would amount to \$100 to \$120.

Moreover, almonds can be converted into blanched almonds, which were formerly made in this country. This process decreases the weight as to skins, dirt, dust, etc., about 20 per cent, thereby reducing the duty on the truckload when manufactured to about \$525, as the blanched or manufactured article pays also only 6 cents per pound.

The present tariff is on "shelled almonds clear," and was intended to cover, we think, loss in weight on account of the dirt, shells, dust, and other impurities and mixtures found in the regular commercial shelled almonds, packed in bales as cracked and not conditioned before shipment. But, as elsewhere explained, the Government claims that it is not practical to ascertain the amount of foreign matter in the bags, and consequently we are obliged to pay 6 cents per pound on the entire contents of the package, with the result that thousands of dollars are paid on refuse. This injustice, we repeat, could be remedied by a tariff on value, because the goods containing the greatest amount of refuse are the cheapest in the market from

which they are imported, and on value the duty would be lower in proportion.

Shelled walnuts: These have become a very important feature of the imported shell-nut business. Up to about twenty-two years ago a considerable number of hands were employed in cracking the nuts in this country. The work was done here because it was thought that the kernels were too delicate to stand the voyage of importation, but by proper drying and curing this difficulty was overcome, and now large quantities are imported and the goods are used by nearly every manufacturing confectioner in the United States. Large quantities are also used by the biscuit manufacturers, caterers, and ice-cream interests, and in various ways throughout the country.

Shelled walnuts are mostly cracked from the various sorts of small sizes. These varieties are not largely imported in the shell on account of their small size, but they are the best shelled on account of the bright color, good-keeping, and fine eating quality of the kernels, and they have become an article of great importance to our manufacturers, retailers, and consumers.

There are a number of manufacturers that buy, duty paid, for their own manufacturing uses, shelled walnuts to the value of from \$5,000 to \$25,000 per year. It is important that this article has become a manufacturing necessity all over the United States. Nuts of all or any kind should not be required to pay more than a reasonable rate of duty, not to exceed in any event the equivalent of the present rate of 5 cents (par. 270) per pound as a maximum.

Large quantities of the broken meats are imported and used where the size of the pieces is not important (the eating quality being equal), on account of their lower cost, but in this form the duty is 5 cents per pound, just the same as in the hand-picked, carefully selected, and packed half walnuts. The shelled nuts deteriorate faster than those in the shell, but as the nuts in the shell can not be imported and cracked here, on account of specific duties, it is necessary to import the shelled nuts. The labor of cracking and packing represents probably about two hundred thousand days' work for one person; the value of the cases made from lumber imported into the country from which the shelled walnuts are exported is probably \$25,000 to \$40,000.

The tariff on Grenoble half walnuts, the fancy variety of which comparatively few are imported, at 5 cents per pound, is equivalent to about 22 per cent; on the other variety, largely used by the manufacturers, the rate of duty at 5 cents ranges from 32 to 42 per cent, but as this estimate is on a cost and freight basis, it is probably from 5 per cent to 15 per cent too low, as compared with the actual cost of the goods at place of production.

Shelled filberts, imported from the Black Sea ports, have become a staple article for our manufacturers. At the present rate of duty, at 5 cents per pound, this is equal to about 50 per cent on the first cost. With an *ad valorem* duty on the goods in the shell, or a low specific rate, the shelling could be done in this country, as the nuts, like almonds, are shelled by machine.

Pistacchio nuts, in the shell, costing from 10 cents to 20 cents per pound, pay 1 cent per pound (paragraph 272). Pistacchio nuts, shelled, cost from 20 cents to 50 cents per pound, according to variety or season, and pay a duty of 1 cent, equivalent to, say, 5 per cent.

This survey of market quotations shows that a specific duty when reduced to ad valorem rates represents a pretty wide range of differences on the same kind of goods. It would seem, therefore, that a moderate ad valorem rate for each variety, which would reduce the cost of the necessary and cheaper grade used in manufacturing and possibly slightly increase the duty on some of the higher grades, which may be regarded as a nearer approach to luxury, would be the fairest disposition of the matter. As there are comparatively few almonds grown in California, it would seem that a flat ad valorem rate of 20 per cent on this grade of nuts, which is much in demand, would meet the just requirements of manufacturers, laborers, growers, and consumers.

Respectfully submitted by

ALBERT H. WASHBURN, *for*

HENRY HEIDE,

HENRY HEIDE, Jr., *Attorney.*

GODILLOT & Co.

SPENCER IMPORTING AND TRADING Co.,

JAS. H. SPENCER, *President.*

WALNUTS.

[Paragraph 270.]

STATEMENT OF J. ALLEN OSMUN, OF RIVERA, CAL., ASKING RE- TENTION OF THE PRESENT DUTY ON WALNUTS.

WEDNESDAY, November 18, 1908.

Mr. OSMUN. Mr. Chairman and gentlemen, I will try and be brief, so as not to occupy any more time than is necessary. I will give a brief history of the planting of walnut trees. The walnut industry is only about forty years old. It was in the early seventies that the first walnut trees were planted for commercial purposes in southern California. Among the first sections where this present industry began was the San Gabriel Valley at Rivera. When the present duty was placed on foreign imports a great impetus was given to this industry. Large areas were planted, and are still being planted. But, as you will remember, it takes from ten to twelve years from the time it is first planted to bring a walnut tree into full bearing, and you will readily see that it has taken quite some time to bring the industry up to its present condition. I have here a table of 27 different countries importing walnuts into the United States. I will not take the time to read this, because it is from the government reports, but I will give you a summary. In 1903 we imported from these various countries 12,362,567 pounds.

Mr. McCALL. Have you the value?

Mr. OSMUN. I have further on. I will give you the values in a moment. Last year we imported 32,597,592 pounds. That gives us a very good idea that the tariff has not retarded the importation of walnuts. The amount of shelled and unshelled walnuts imported in the last five years has increased, unshelled walnuts from 8,936,439 pounds in 1903 to 27,036,646 pounds in 1907.

The value of the imports in 1903 was \$537,014 and in 1907 \$1,490,422. That shows an increase in the importation of 157 per cent in the last five years. These values are not the selling values, but they are the values fixed by the Government for import duties alone.

During that time California in 1903 raised and sold 6,200 tons and in 1907 7,300 tons. That is an increase of 18 per cent. I want to call your attention now to the growth of the foreign importation as against the increase of the home product. While it only shows 18 per cent increase in our output, it must be borne in mind that it takes from ten to twelve years to bring a walnut tree into full bearing. In the last five years we have had about 8,000 acres planted to new trees in California alone. In Oregon we are credibly informed that the area is very largely increased. The trees there, however, are only 2 or 3 years old, and it will take some eight or nine years more before their yield will come in as a commercial commodity.

We have had a good deal of difficulty in raising walnuts. When we first started in to raise walnuts, we planted a variety known as the "hard shell." It took four or five years before we found out that that was not a good variety commercially, and then we planted a variety known as "soft shell," and it took ten or twelve years before we found out that we could not plant that successfully and get an orchard from seedling trees, but that we would have to follow the plan adopted in the citrus and other varieties of fruits and bud or graft our trees upon the seedling stock in order to get successful returns. As a matter of fact, taking an orchard of 40 acres from seedling stock, we would have trees ideal in every respect to those which would be worthless as producers. If it had not been for the protection afforded us by the tariff, we would have been wiped out of existence long before this.

I will now take up the cost of production abroad. Abroad, walnuts are not raised in orchard form, as we grow them here, but along the roadways and in the pastures and on the sidehills, a good deal as the native nut trees grow in our country. They have but very few cultivated orchards there, so that the expenses of cultivation are reduced to a minimum. They have no cultivation, and of course the expenses are reduced very much. In contradistinction, our land, the bare land before we put any trees on it, costs \$300 to \$400 per acre. The value of the land with the trees in full bearing is from \$500 to \$1,000 an acre, and with its water rights and so forth, which cost from \$5 to \$15 per acre, and the cost of cultivation, which is \$15 to \$20 per acre, and the cost of harvesting, which is from \$15 to \$20 per acre, the total cost of yearly expenses is from \$35 to \$55 per acre. The returns per acre from an orchard in full bearing are from 500 to 1,000 pounds, and the net returns are from \$30 to \$60 per acre, so that after deducting expenses the return is less than 10 per cent on our investment.

The cost of transportation from abroad is from 25 to 40 cents from European ports to the United States per 100 pounds. It costs us \$1.30 a hundred to land our goods in the market. During the year 1907 we paid the railroads practically \$200,000 in freight.

Labor, with us, is a very important factor. It is one of the most difficult things we have to contend with. When the Dingley tariff

was passed, I find that there was a statement made by Nathan W. Blanchard, of Santa Paula, Cal., as to the cost of labor, as follows:

For girls, \$1 per day; for ordinary men's labor, \$1.25 per day; for more experienced men, \$1.50 per day; for foremen of pickers, \$1.75 per day; for overseer in packing, \$2 per day.

At the present time for such labor we would pay as follows:

For girls, \$1.50 per day; for ordinary men's labor, \$2 per day; for more experienced men, \$2 to \$2.50 per day; for foremen of pickers, \$3 to \$3.50 per day; for overseer in packing house, \$3.25 to \$3.75 per day.

These are not all the expenses that have been increased. Agricultural implements have advanced. All sorts of produce that we have to feed our horses have gone up. Anything we use in California is at a high rate. Consequently the cost of producing a crop of walnuts has vastly increased in the last ten or twelve years. Walnuts have always been classed among luxuries. That time, I think, has passed. They have become now a staple article of food and can no longer be regarded as a luxury.

Another point I would like to emphasize is that the average walnut grower owns a small parcel of ground. These parcels of ground do not average more than 15 or 20 acres in a piece, and consequently we are home builders. We ask that the present tariff be retained. We simply want to be let alone. There is no doubt that there are larger areas of land that will be found to be walnut-bearing land, especially throughout the Southern States and in Oregon and in other portions of the United States. We do not represent a very large industry, but we think we are entitled to have a fair show. If there are any questions to be asked, I will be very glad to answer them.

Mr. McCALL. How many walnuts, in bulk, do you raise on an acre generally?

Mr. OSMUN. Five hundred to 1,000 pounds.

Mr. McCALL. Is the tree the ordinary commercial walnut tree? Does it make good commercial lumber?

Mr. OSMUN. No, sir; I do not think so. The wood is very soft. It has no value as a lumber producer; it hardly makes decent firewood after its gets dry. It burns very rapidly.

Mr. CLARK. These walnuts are what are often called English walnuts, are they not?

Mr. OSMUN. Yes, sir.

Mr. CLARK. The soft-shelled walnuts?

Mr. OSMUN. Yes; soft-shelled. We tried the hard-shell walnuts in the beginning, but we have supplanted them by the soft-shell.

Mr. CLARK. Do you graft on your stock, or bud?

Mr. OSMUN. We call it budding. We take a seedling tree when it is about 2 years old, and we take a scion from a suitable tree and bud or graft on it.

Mr. CLARK. You graft onto the ordinary black walnut?

Mr. OSMUN. Yes; or any ordinary seedling tree, to get uniformity of result.

Mr. CLARK. You say in foreign countries they raise these trees out in the highways and byways. Why do we not do that here?

Mr. OSMUN. I can tell you why we do not do it in California. It is because we have to irrigate.

Mr. CLARK. Walnut trees grow luxuriantly in the Mississippi Valley. Would those English walnuts grow in the Mississippi Valley?

Mr. OSMUN. I have every reason to believe so.

Mr. CLARK. We will have to get at it, then.

Mr. OSMUN. What we want to do is to raise enough walnuts in the United States to compete among ourselves.

Mr. CLARK. Heretofore you have been doing very well, although you have had to start in from the stump, to use the common expression.

Mr. OSMUN. Yes, sir.

Mr. CLARK. You are through with the experiment now?

Mr. OSMUN. I hope so, at least.

Mr. CLARK. You know how to do it now?

Mr. OSMUN. I think so.

Mr. CLARK. Now, do you not think you could stand a little reduction in the interest of the people that eat the walnuts?

Mr. OSMUN. Not at the present time, with the importations that come into this country at the present time.

Mr. CLARK. What difference does it make if the importations come in if you people out there can not raise enough walnuts to supply the market?

Mr. OSMUN. Give us a show for a while.

Mr. CLARK. I know, but what are we going to do for the walnuts in the meantime?

Mr. OSMUN. Have them come in and pay the import duty, and give the Government some revenue.

Mr. CLARK. How much is the tariff?

Mr. OSMUN. Three cents on the walnuts.

Mr. CLARK. On the walnuts with the shells on?

Mr. OSMUN. Yes, sir.

Mr. CLARK. Is that the only way they are imported?

Mr. OSMUN. No; on shelled walnuts it is 5 cents, but we do not come into contact with those.

Mr. CLARK. Do you raise these walnuts in the same belt of country where they raise oranges and lemons?

Mr. OSMUN. Yes; but walnuts will grow on land that will not produce orange or lemon trees.

Mr. CLARK. I would like to know, as a matter of curiosity; do you know whether anybody has ever tried to raise these English walnuts in the Mississippi Valley or not?

Mr. OSMUN. No; I heard a gentleman say to-day, though, that he knew of one tree down there that bore very handsomely. That had just gotten there by accident.

Mr. CLARK. Do you know enough about it to know whether the same conditions that used to produce the ordinary black walnuts that we have would be favorable for these walnuts?

Mr. OSMUN. Yes; if you are far enough south to be below the frost belt. They will not stand much cold weather.

Mr. CLARK. Do you make as much off an acre of walnuts as you make off an acre of oranges?

Mr. OSMUN. No, sir; we do not make as much as we do off an acre of oranges.

Mr. CLARK. Why do you not go to raising oranges?

Mr. OSMUN. I am going to, if the tariff is not kept up.

Mr. CLARK. If it is not kept up?

Mr. OSMUN. If it is taken off, I mean.

Mr. CLARK. Off of what?

Mr. OSMUN. Off of walnuts.

Mr. CLARK. What are you going to do then?

Mr. OSMUN. I am going to raising alfalfa and hogs.

Mr. CLARK. Why not raise beets?

Mr. OSMUN. We can not raise beets there.

Mr. CLARK. You can not raise beets there?

Mr. OSMUN. No; we can not raise beets there.

Mr. CLARK. You might go to raising eucalyptus trees.

Mr. OSMUN. Yes; that is very good.

Mr. CLARK. Is that a profitable crop?

Mr. OSMUN. Not so much so as walnuts. It has to have some irrigation in the first few years.

Mr. POU. How large do these walnut trees grow?

Mr. OSMUN. To a pretty good size. They are larger than an apple tree grows in this part of the country.

Mr. POU. I have seen these black-walnut trees 4 or 5 feet in diameter.

Mr. OSMUN. Oh, we have nothing like that. Eighteen inches would be as large as any I have ever seen, in diameter.

Mr. CLARK. You do not know whether they grow that big or not. Maybe they will do so if you give them time.

Mr. OSMUN. Perhaps so.

Mr. CLARK. As a matter of fact, a grafted tree does not live as long as a seedling tree, does it?

Mr. OSMUN. No, sir.

Mr. CLARK. Any kind of a tree?

Mr. OSMUN. No; we do not think so. That has been the accepted verdict.

Mr. UNDERWOOD. The American production of walnuts in the shell is about \$1,000,000 a year, is it not?

Mr. OSMUN. More than that.

Mr. UNDERWOOD. How much does it amount to?

Mr. OSMUN. We think nearer \$2,000,000.

Mr. UNDERWOOD. The importations of walnuts in the shell, and the shelled walnuts amount to about \$2,000,000 a year, do they not?

Mr. OSMUN. Taking the walnut industry all together—walnut importations—yes.

Mr. UNDERWOOD. The Government derives from the importation of walnuts under the present duty something over \$1,000,000 in revenue?

Mr. OSMUN. I have not figured that out.

Mr. UNDERWOOD. I see here, under the head of walnuts, shelled, the amount of the duty collected is \$298,000, and for walnuts not shelled it is \$691,000, making about \$1,000,000; so that really the present duty on walnuts is a revenue tariff.

Mr. OSMUN. Yes, sir.

Mr. RANDELL. Do they raise pecans in California?

Mr. OSMUN. Not commercially; there are a few trees, but they are not raised commercially, so far as I know.

Mr. RANDELL. Do they not use any pecans out there?

Mr. OSMUN. Yes, sir.

Mr. RANDELL. Will not any country that produces pecans or walnuts, either, produce the other?

Mr. OSMUN. I could not answer that question. I am not competent to answer that.

Mr. RANDELL. You do not know anything about the adaptability for Texas or New Mexico of these walnuts?

Mr. OSMUN. Only this far, that from what I read of the climatic conditions there and the soil I see no reason why the walnut tree should not thrive down through the Southern States, if you get far enough down below the severe frost line. They will stand a good deal of frost, but they would not stand this climate, for instance.

Mr. RANDELL. You have no native pecan trees in California?

Mr. OSMUN. No, sir; not that I know of.

Mr. RANDELL. And no native black walnuts?

Mr. OSMUN. No, sir; as a commercial product.

Mr. RANDELL. Where is your main market for nuts?

Mr. OSMUN. All over the United States. We ship them all over, everywhere.

Mr. RANDELL. It is just a home market?

Mr. OSMUN. Yes; a home market.

(Following are the letters submitted by Mr. Osmun:)

SANTA BARBARA COUNTY WALNUT GROWERS' ASSOCIATION,
Santa Barbara, Cal., September 11, 1908.

Mr. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I am in receipt of yours of the 4th instant, in regard to land values and acreage of walnuts in this section of the country.

Approximately there are in this county at present 4,000 acres full bearing, worth \$750 per acre, yielding \$125 per acre; 1,000 acres small trees, worth \$500 per acre; bare land, worth \$350 per acre.

No irrigation required; no fertilizer used here.

Last season there were about 1,500 tons produced in this county. Cost of harvesting crop, about \$20 per ton; cost of cultivating land, about \$10 per acre.

The walnut crop is one of the leading crops of Santa Barbara County, and the future promises a great increase in acreage, as much land which was considered to be worthless for walnuts is proving to be good.

Wishing that I might be able to think of more points of interest to you, I remain,

Yours, very truly,

ERWIN KELLOGG.

SANTA ANA VALLEY WALNUT GROWERS' ASSOCIATION (INC.),
Santa Ana, Cal., November 5, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: In answer to your letter of October 5, will say that I have found it impossible to find time to get the number of acres of walnuts in this association, but have them for Orange County as they appear on the report of the county statistician. Number of bearing trees, 137,000; number of nonbearing trees, 85,250; number of pounds harvested, 6,624,575.

There is such a difference of opinion among our growers as to the cost of irrigation, maintenance, etc., that I can not answer those questions satisfactorily.

Yours, very truly,

H. R. ANDRE, *Secretary.*

408-409 BULLARD BLOCK,
Los Angeles, Cal., October 12, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: On behalf of the San Gabriel Walnut Growers' Association, and in response to your letter asking for statistics of our acreage, etc., I would say: Number of acres in bearing, 110; newly planted acreage, about 10 acres; value of bare land, \$400 per acre; value of bearing orchard, \$600 per acre; cost of irrigation—we do not irrigate; cost of fertilizing, estimated at \$6 per acre per annum; cost of cultivation, estimated at \$20 per acre per annum; cost of harvesting crop, estimated at \$30 per ton; average production per acre per annum, estimated at ——— pounds.

You will appreciate that the crop varies considerably from year to year, and that the figures given are approximations.

Wishing you success in the direction of your efforts, I remain,

Yours, very truly,

CHARLES LANTZ, *Secretary.*

FULLERTON-PLACENTIA WALNUT ASSOCIATION (INC.),
Fullerton, Cal., October 8, 1908.

J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Replying to yours of 5th will offer the following information: We have about 1,150 acres in our association of various ages; as no new orchards have been planted during the last five years, all of these bear some, although you could not say that they are all in full bearing.

Bare land suitable for walnuts is held at from \$300 to \$500 per acre; orchards in full bearing are held at from \$700 to \$1,000. The cost of irrigation in orchards that are well cared for is from \$10 to \$15 per acre; fertilization and care about \$20 per acre. The cost of harvesting the crop averages around $1\frac{1}{2}$ cents per pound.

I believe that the average crop for the last five years on bearing orchards in this vicinity is about 800 pounds. Some orchards bear 1,000 pounds per acre, and a very few exceptionally good ones 1,500 pounds. On my mother's place last year we had 9 tons on 13 acres, and this was considered exceptional. Our total output (estimated) for this season will be about 500 tons.

Very truly, yours,

ARTHUR STALEY,
Fullerton-Placentia Walnut Association.

LIMONEIRA COMPANY,
Santa Paula, Cal., October 7, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I beg to acknowledge receipt of yours of the 5th instant. I neglected answering yours of September 4, as I was away from home when it arrived and have been so busy since I returned

that I have not gone into the matter of getting the figures together until now.

The following is a statement of last year's result from the 400-acre walnut orchard belonging to the Limoneira Company, known as "Olivelands orchard:" The expense, including irrigation, cultivation, and all care of the grove outside of harvesting, was \$6,371.05; the cost of harvesting, including processing and getting nuts ready for shipment, was \$3,873.13; the production from the grove was light, 360,853 pounds. A walnut orchard in full bearing is considered worth from \$700 to \$800 an acre; the bare land from \$400 to \$500 per acre, under water.

Yours, very truly,

LIMONEIRA COMPANY,
By C. C. TEAGUE, *Manager*.

AMERICAN SAVINGS BANK OF ANAHEIM,
Anaheim, Cal., October 6, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: In answer to your letters I will state that the questions you put are hard ones to answer with anything except a guess.

Number of acres in bearing in association, 1,000; number of acres not in bearing, 200; value of bare land, \$150 to \$300; value of full-bearing orchards, \$600 to \$750; cost of irrigating per acre, \$5; care per acre, \$15; cost of harvest (1 cent per pound) per acre, \$7.10; estimated output of association this year, 370 tons.

Hoping this will answer your purpose, I remain,

Yours, truly,

A. W. PHELPS.

WHITTIER, *September 19, 1908.*

J. ALLEN OSMUN, Esq., *Whittier, Cal.*

DEAR SIR: Replying to yours of the 4th instant, would say there are in our association 312 acres of full-bearing trees and 302 acres of young trees bearing slightly; total, 614 acres.

There are applications for membership representing 66 acres of full-bearing and 29 acres of trees only slightly bearing; total, 95 acres, for which stock has not yet been issued.

There are 170 acres newly planted orchards not yet in bearing.

The value of the bare land is about \$500 per acre and that of the orchards in full bearing about \$1,000 per acre.

The cost of irrigation, that is, for the water alone, is \$6.15 a year per acre.

The actual care of an orchard, not including the cost of the water for irrigation, is \$14 per acre.

The cost of harvesting, that is, gathering and delivering them at the warehouse for shipment, is about 1½ cents per pound.

We have never fertilized. We shipped last year 52 tons 1,043 pounds, from 223½ acres.

We expect our entire output this year to be 150 tons.

Trusting you will excuse delay in not getting this information sooner, we are,

Yours, very truly,

LA HABRA WALNUT GROWERS' ASSOCIATION,
By W. J. GREGORY, *Secretary*.

MOUNTAIN VIEW WALNUT GROWERS' ASSOCIATION (INC.),
El Monte, Cal., November 11, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I inclose herewith the statistics you requested:

Bearing orchards, 2,000 acres; young orchards, 3,000 acres; value of bare land, \$300 per acre; value of orchard, \$750 per acre; cost of irrigation, \$8; cost of cultivation, \$10. Total output, 700 tons 1908; 120 tons 1907; 350 tons 1906; 550 tons 1905.

Please excuse my overlooking your letter, as you know a walnut man has had plenty of things to think about this season.

Yours, truly,

E. B. JONES,
Secretary Mountain View Walnut Growers' Association.

OFFICE OF THE CITY CLERK,
Pasadena, Cal., September 15, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: I am in receipt of your communication dated September 4, and in reply would say:

Number of acres in full bearing is 85; number of acres not in full bearing, 26; value of bare land, \$500 per acre; value of land full bearing, \$500 per acre; number trees in full bearing, 2,244; number trees not full bearing, 714. Cost of irrigation is uncertain, because it is done by the use of city sewage. Cost of maintaining and harvesting of crop is also difficult to say, because the work done at the city farm is not segregated.

Trusting this information may be of value to you, I am,

Respectfully,

W. C. YALE,
Chief Deputy Clerk of the City of Pasadena.

OXNARD WALNUT GROWERS' ASSOCIATION OF CALIFORNIA,
Oxnard, Cal., September 12, 1908.

J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Answer to your inquiries of the 4th instant has been delayed until I could meet with some of our men able to furnish information needed in this reply. The following, I think, are a pretty close proximate to correct figures:

Number of acres in full bearing in this association, 694; number of acres newly planted, none to speak of; value of bare land, \$400; value of orchards in full bearing, \$600 (this figure would be \$1,000 if we were free from blight); cost of maintenance and harvesting, \$35; entire output, 1,780 tons yearly average, covering period of five years.

The number of acres in full bearing stated as 694 includes 100 acres just taken into our association, so that 594 acres is the total land to figure on up to the present season.

Yours, truly,

G. W. PARNELL, *Secretary.*

THE SANTA PAULA WALNUT ASSOCIATION,
Santa Paula, Cal., September 10, 1908.

Dr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Responding to your inquiry of the 4th instant, relative to walnut statistics in this locality, will state that there are about 800 acres of full bearing walnuts represented in our association and about 100 acres in this section which are outside the association. There are about 750 acres of young trees not yet in full bearing. Bare land here can be bought for an average price of \$300 an acre without water and \$335 with water. The same land in bearing trees will bring \$425 and \$500 an acre, respectively. Occasionally extra fine land in full bearing with water will bring \$850 an acre, but the above figures are an average. I have an orchard, 22 years old, 150 acres, under irrigation, and the total cost of running same, including picking, pruning, irrigating, cultivating, etc., is \$25 an acre per year, and the net returns have averaged for the past five years \$120 an acre. This is perhaps better than the average here, but I believe \$35 an acre will cover the average expense of running a full-bearing orchard, while the average gross income is perhaps \$100 an acre. Fertilization is as yet an experiment here, only one of our growers using any at this time. Our land seems to be sufficiently rich to produce good crops without fertilizing. The total output for the association usually amounts to about \$90,000 per annum. This, however, is steadily increasing, and we anticipate total receipts for this year of about \$105,000.

Trusting you will find the above information satisfactory, and assuring you of our willingness to furnish you with any further information or details which we may have at hand and that may prove desirable, we remain,

Yours, respectfully,

THE SANTA PAULA WALNUT ASSOCIATION,
 By C. THORPE, *Secretary.*

WALNUT FRUIT GROWERS' ASSOCIATION,
Lemon, Cal., November 7, 1908.

Mr. J. ALLEN OSMUN, *Whittier, Cal.*

DEAR SIR: Inclosed find letter of introduction to Colonel Alexander, of Buffalo, N. Y. As to your questions, would reply as follows:

Acres in full bearing, 200; not in bearing, 300; value of bare land, \$175 per acre; value of full bearing, \$800 per acre; cost of irrigation, \$5 per acre per year; average production, 1,000 pounds per acre; total production, 100 tons.

Yours, truly,

R. S. PERSONS, *Secretary.*

LOS NIETOS AND RANCHITO WALNUT
GROWERS' ASSOCIATION (INC.),
Rivera, Cal., November 10, 1908.

Dr. J. ALLEN OSMUN, *Rivera, Cal.*

DEAR SIR: In reply to your letter of the 9th instant, and in answering questions asked therein will say:

The number of acres in walnuts owned by the 350 stockholders of the Los Nietos and Ranchito Walnut Growers' Association is 6,000 acres; in full bearing, 5,000 acres; not in full bearing, 1,000 acres; value of bare land, from \$200 to \$400 per acre; value of land in full-bearing walnut orchard, \$600 to \$800 per acre; cost of irrigation, from \$10 to \$15 per acre per annum; cost of cultivation, from \$10 to \$15 per acre per annum; cost of harvesting crop, from 1 cent to 1½ cents per pound; cost of fertilization, from \$10 to \$25 per acre. Six years from planting, a walnut grove should pay expense of cultivation.

Trusting that the above covers questions asked, we are

Yours, very truly,

J. A. MONTGOMERY, *Secretary.*

STATEMENT BY COMMITTEE REPRESENTING WALNUT GROWERS'
ASSOCIATION OF SOUTHERN CALIFORNIA.

WASHINGTON, D. C., *November 27, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Walnut Growers' Association of southern California, composed of walnut growers engaged in growing and marketing walnuts raised in this country, desire to present to your honorable body the following facts and figures respecting this industry:

In pursuance of a call issued by Governor Gillette, of California, there was a general committee appointed and this committee appointed subcommittees on the various industries affected by the tariff legislation, of which the undersigned, representing the walnut industry, was authorized to appear before you.

In the early seventies the first walnut trees for commercial enterprises were planted in southern California. Among the first sections where this industry began was in the San Gabriel Valley, at Rivera.

When the present duty was placed on foreign imports a great impetus was given to this industry. There have been vast amounts of money spent in developing irrigation systems of various kinds to meet cultural demands. Planting of new orchards, installation of new machinery, building of warehouses in order to properly prepare the product for the markets in compliance with the requirements of the pure-food law.

Imports of walnuts into the United States from different countries.

[Years ending June 30—From government reports.]

Country of origin.	1903.	1904.	1905.	1906.	1907.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
Austria-Hungary	286,700	113,805		25,646	411,210
Belgium	15,965	191,191	33,248		42,759
Denmark			100		
France	8,019,963	17,123,083	17,891,338	20,870,484	28,723,003
Germany	316,610	87,819	25,403	52,223	26,580
Greece	11,794	46,664	16,806	1,805	19,857
Italy	1,828,182	3,084,689	1,725,824	3,172,531	1,927,226
Netherlands		2,738		3,855	
Portugal		33		1,183	36,669
Russia in Europe		1,455	1,100	520	9,251
Spain	158,361	335,222	201,715	109,057	59,674
Turkey in Europe		27,231	21,835	4,884	84,033
United Kingdom	114,554	245,891	40,024	218,281	235,316
Canada	15,684	835	5,850	4,118	
Newfoundland					100
Mexico		477	60,236	4	
West Indies—Cuba			8,500		100
Chile	1,514,665	1,938,322	1,557,052	192,166	287,603
Chinese Empire		8,478			
Hongkong	13,300	30,000			13
Japan	7,300	6,320	16,764	3,877	1,563
Russia, Asiatic			1,797		
Turkey in Asia	59,500	416,503	78,047	256,115	429,560
Oceania, British			112		
Egypt		9,985			
Tripoli			323	225	
Total	12,362,567	23,670,761	21,684,104	24,917,028	32,597,502

The above table shows the countries that will come into competition with the United States in raising walnuts, and also the increase since 1903 of their importations, and clearly demonstrates that walnut growing has a wide range in 26 foreign countries. Without the protection we have had for the last eleven years our home industry would have been very much curtailed and the planting of new orchards would not have taken place, and instead of the home industry growing into importance as it has it would not have become of very much commercial importance.

Importations for walnuts alone for the last five years.

Year ending June 30—	Not shelled.		Shelled.	
	Pounds.	Value.	Pounds.	Value.
1903	8,936,439	\$537,014	3,035,970	\$508,683
1904	19,454,012	1,084,385	3,579,941	518,991
1905	16,312,139	905,131	4,178,010	519,730
1906	15,029,724	1,014,330	4,948,175	798,975
1907	27,036,616	1,490,422	7,199,983	1,163,407

The above table shows conclusively that the import duty has not checked the importation of walnuts into the United States, but rather, on unshelled walnuts, has increased 157 per cent, while on shelled walnuts it shows an increase of 137 per cent. The above values are not the selling price, but are those fixed by the Government for import-duty purposes.

California product.

During the same period there were marketed in California as follows: 1903, 6,200 tons; 1904, 7,800 tons; 1905, 6,150 tons; 1906, 7,250 tons; 1907, 7,300 tons.

The above shows the production of walnuts in California during the last five years, only an increase of 18 per cent.

We desire to impress this fact. The difference in the growth between the foreign importation as against the increase of the home product, while it shows an increase of 18 per cent in our output, it must be borne in mind that it takes from ten to twelve years from planting to bring a walnut tree into full bearing.

Under the stimulus given by the present tariff there have been planted about 8,000 acres in southern California since 1903.

We are credibly informed, however, that within the last three or four years there has been a larger acreage than the above planted in Oregon, which is largely on the increase, that will take a number of years before coming into full bearing, but when they do, it is estimated that this increased acreage will nearly, if not entirely, supply the markets of the United States, if the present tariff is maintained.

It must be remembered that walnut raising is yet an infant industry. The experiences of the last few years go to prove that the Pacific slope, and perhaps some of the Southern States, possesses the requisite soil and climatic conditions to produce all the walnuts necessary to meet our home demands, if it can be fostered until it can meet competition—that is, produced by half-fed and half-clothed foreign labor.

Permit us at this time to give a little history of the development of the walnut industry. Please bear in mind that it takes from ten to twelve years to develop a tree from seed until it comes into full bearing, and as the industry is only about forty years old, you will readily understand why the increase in California has only been 18 per cent during the last five years.

When walnuts were first planted, a variety known as the "hard shell" was selected. After several years it was ascertained that it did not meet the market requirements, and a new variety was introduced, known as the "soft shell," and after a number of years of experimentation it was found that to produce this variety successfully we would have to follow the plan adopted in the citrus and other variety of fruits, and bud or graft our trees upon the seedling stock. There has been recently a great number of such trees planted but it will take several years before they will come into bearing and be a factor in the output. It is admitted and demonstrated that a seedling walnut tree is a very irregular bearer, and in order to get uniformity of results, as stated above, new cultural methods have been inaugurated. We could not have followed out this line of procedure had it not been for the protection afforded by the import duty on walnuts that we have had during the past. It is believed, however, among the walnut growers of southern California, that the experimental stage is now passed.

Cost of production abroad.

There are very few cultivated orchards abroad. Most of the walnuts that are raised are grown upon what otherwise would be waste land, such as along roadways, in corners of pasture lots, on side hills,

waterways, etc.; therefore cultural expenses are at a minimum cost. There is little expense for irrigation, cultivation, or fertilization. Walnuts are gathered in small quantities, taken to the nearest dealer, and by him forwarded to larger dealers until at last they reach the exporters' hands. As there are little or no costs for fertilization, irrigation, or cultivation, the expense of labor is reduced to the lowest possible expenditure. The only expense covering the cost of picking and harvesting is accomplished by women and children, who receive a very low compensation therefor.

Cost of walnut growing in our country.

From data received through associations in California, which data accompany this paper, we present the following schedule: Cost of bare land, with water, \$300 to \$400 per acre; value of orchard in full bearing, from \$500 to \$1,000 per acre.

Detail of average yearly expenses: Cost of irrigation, \$5 to \$15 per acre; cost of cultivation, \$15 to \$20 per acre; cost of harvesting, \$15 to \$20 per acre; total cost of yearly expenses, from \$35 to \$55 per acre.

Returns per acre from full-bearing orchard, 500 to 1,000 pounds; average price per pound, 12 cents; gross returns, from \$62 to \$105 per acre; net returns, from \$30 to \$60 per acre; which, taking into account the initial cost of the orchard, with the addition of taxes, brings to the grower less than 10 per cent on his investment.

Transportation.

The cost of transportation is from 25 cents to 40 cents from European ports to the United States, compared with the cost of transportation from the Pacific coast to the markets of the Middle West and Atlantic seaboard, which is \$1.30 per 100, with a strong probability of an increase in the near future. Basing the above upon our output of 1907, which was 730 cars of 10 tons each, makes a total of nearly \$200,000 which the walnut growers of California paid to the railroads for transportation, which is a heavy tariff in itself.

Cost of producing walnuts in California as compared with foreign countries.

Labor with us has increased materially during the last eleven years. For instance, in the schedule prepared by the citrus growers' committee at the time the Dingley tariff was passed, there is a statement made by Nathan W. Blanchard, of Santa Paula, Cal., who gave the price of labor for ten hours per day as follows:

For girls, \$1 per day; for ordinary men's labor, \$1.25 per day; for more experienced men, \$1.50 per day; for foremen of pickers, \$1.75 per day; for overseer in packing, \$2 per day.

While at the present time the cost of this labor would be increased, at the present time we are paying in the walnut industry for nine hours work per day as follows:

For girls, \$1.50 per day; for ordinary men's labor, \$2 per day; for more experienced men, \$2 to \$2.50 per day; for foremen of pickers, \$3 to \$3.50 per day; for overseer in packing house, \$3.25 to \$3.75 per day.

Other expenses for caring for orchards have increased as well as labor. For instance, four or five years we could get barley hay for \$7 to \$10 per ton, alfalfa hay from \$4 to \$7 per ton, rolled barley from \$14 to \$18 per ton. Since that time barley hay has increased from \$10 to \$14 per ton, and frequently as high as \$18 per ton, while alfalfa hay brings now in the field \$11, and is quoted in the market at \$14 per ton. Rolled barley, which we used to purchase at \$16 to \$18 per ton, is now \$30 to \$34 per ton. The foregoing figures show a very material increase in the cost of feeding our stock, which is a necessary part of the cultural expense.

Agricultural implements have advanced from 10 to 25 per cent. Horses and mules have increased from 25 to 40 per cent in price, according to where purchased, hence another additional cost in the production of walnuts other than labor. Another item is the increased cost of harvesting, which is from 50 to 75 per cent greater than five years ago. In addition to this, special preparation of walnuts for market, in order to comply with the pure-food law and the demands of the trade, has become difficult and complicated, greatly increasing the care and expense. An additional reason why the walnut industry should be protected is the fact that the native nuts of the United States, such as, for instance, the black walnut, the white walnut, butternut, hickory nut, and beechnut, and chestnut, etc., are rapidly disappearing and soon will be entirely eliminated from our markets.

Walnuts have been classed in the minds of many as among the luxuries, but that is not correct, inasmuch as many people are using the walnut as an article of diet; it can no longer be regarded simply as a luxury, but as a staple article of food, hence it becomes highly important that the home industries be maintained.

The cost to the consumer would more likely be increased if our nut industry were permitted to die for want of protection. If we had to rely entirely on foreign importations alone, without home competition, it seems to me that it would be a short-sighted and ruinous policy.

The walnut groves in California and Oregon are owned by a large number of small growers, the average being from 15 to 20 acres. The money received from the industry, therefore, is the support of a large number of families, which is expended in building up their homes, making American life more enjoyable, and enriching the community in which they live, thereby increasing the values and thus paying their proportion of the taxes for the support of the State and nation. The man owning 1 acre of land receives the same benefit from this protection as if he owned 500 acres. It is admitted by all growers of all political parties that if this tariff is reduced or removed, that the walnut industry stands a very fair chance of being eliminated or destroyed. We believe that the walnut industry requires more, rather than less, of its present protection of 3 cents per pound on unshelled walnuts and 5 cents on shelled walnuts, but we have presented to you the facts and figures, and leave the question of the increase of duty to your judgment, but we earnestly request that the present duty be not lowered.

Respectfully submitted.

J. ALLEN OSMUN,
Committee Representing the
Walnut Growers' Association of Southern California.

**J. ALLEN OSMUN, RIVERA, CAL., FILES SUPPLEMENTAL BRIEF
RELATIVE TO CULTURAL RANGE OF WALNUTS.**

RIVERA, CAL., *December 13, 1908*

WAYS AND MEANS COMMITTEE,

House of Representatives.

GENTLEMEN: In the brief submitted on walnuts before your honorable committee I judge from the questions that were asked that we did not furnish enough information in reference to the cultural range in the United States in which walnuts could be successfully grown.

Localities which a few years ago in southern California were regarded as absolutely unsuitable for the successful raising of walnuts have proved by experimentation frequently to furnish the best land, and some of our most productive orchards are now grown upon ground which, as stated above, was then regarded as thoroughly unsuitable.

From information gathered it seems that the walnut has been successfully grown in a limited area along the Atlantic coast from New York southward through New Jersey and several of the Southern States. From a report issued by the United States Department of Agriculture in 1896 it is stated that the tree endures winters in favored localities as far north as Connecticut and Massachusetts; that there are several large trees in New York State, New Jersey, and Pennsylvania which are reported to be at least a hundred years old and bearing a large crop of nuts of fair quality. There are some trees reported in Delaware, but they have not been uniformly successful in producing crops.

The reports made by the Department of Agriculture seem to indicate that in most localities in Florida the walnut has not been successfully grown, although there are some places that bid fair to be successful. Also from the Mississippi Valley there are a few reports of successful growth. Reports which have been received from Ohio, Indiana, Illinois, and Minnesota are, as a rule, that the trees are winter killed. From Kentucky and Tennessee there are a few reports of trees making a successful and satisfactory growth. The reports from Louisiana are favorable, but up to the date mentioned, 1896, there had been no extensive planting. In southern Texas it is reported that a number of orchards have been planted and that they promise to yield very satisfactorily and we are having inquiries from that section of the country as to the best varieties and cultural methods. It may also be stated in connection with these trees that nearly all were of the seedling variety. If the new methods, which are now being adopted, are followed, it is believed that the trees will be very much hardier and will resist the cold to a greater degree. In Oregon there is a very large acreage being planted, as reported in Bulletin No. 92 of the Oregon Agricultural Experiment Station, and trees are now from seven to nine years old—namely, in 1906. A few trees of fourteen years were very successful in producing nuts. They have found the same difficulty there in planting trees which grow successfully in southern California, but were unable to stand the frosts of Oregon. This is being overcome by using a tree of hardier pedigree. The difficulties that have attended the successful growth of walnuts have been largely due to want of knowledge of the

best varieties and to the climatic conditions prevalent in the different localities where these orchards were planted.

Experience has shown and demonstrated beyond doubt that all of these difficulties may be overcome by proper cultural methods, such as budding or grafting the trees on native black-walnut stock, etc. There is no doubt at all but that with the experimentations that are going on the area suitable for the walnut culture will be vastly increased and that in the near future we will be able to supply all demands of the home market.

Most respectfully submitted.

J. ALLEN OSMUN,
*For Committee Representing the Walnut Growers
of Southern California.*

PEANUTS.

[Paragraph 271.]

HON. T. W. SIMS, M. C., SUBMITS LETTER OF THE TENNESSEE PEANUT ASSOCIATION, CUBA LANDING, TENN., ASKING AN INCREASE IN DUTY ON PEANUTS.

CUBA LANDING, TENN., *November 9, 1908.*

HON. T. W. SIMS, M. C.,
Washington, D. C.

MY DEAR MR. SIMS: Whereas the Tennessee Peanut Association passed resolution in convention on July 31, 1908, asking Congress to raise the duty on foreign-grown peanuts from 1 cent a pound to 2½ cents a pound, we respectfully ask you, in the name of the Tennessee Peanut Association, to use your influence in our behalf, as we believe it will be to our interest to have this done. We are a chartered and incorporated body under the laws of the State of Tennessee, having no capital stock; therefore we are working for the best interests of the peanut growers of Tennessee, and ask your support to that end.

I am, yours, very truly,

W. C. PACE,
Secretary Tennessee Peanut Association.

STATEMENT OF HON. FRANCIS R. LASSITER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA, IN ADVOCACY OF AN INCREASE IN THE DUTY ON PEANUTS.

THURSDAY, *December 17, 1908.*

The CHAIRMAN. Do you want to be called on at any particular time?

Mr. LASSITER. I should like to finish my statement.

The CHAIRMAN. Proceed.

Mr. LASSITER. I think it would facilitate matters if I were allowed to finish.

I have looked into the statistics available in the department here, and as I seem to be the only one who has them in a concrete form I

think it will facilitate matters to make a brief statement to the committee.

Mr. GAINES. What paragraph?

Mr. LASSITER. Paragraph 271.

It may or may not be known to the committee that peanuts are produced in eight States in the Union—Virginia, North Carolina, Georgia, Alabama, Florida, Tennessee, Texas, and South Carolina. There are no figures as to the domestic production since the last census, of 1899, nor have there been any estimates made by the Agricultural Department.

The figures show that in 1899 there were about 12,000,000 bushels of peanuts produced in the United States, an increase of 233 per cent over the previous period. Now, while I have no official figures, it is estimated by many gentlemen connected with this industry that the percentage of increase in the domestic industry has largely decreased in the last ten years.

Peanuts, so far as I know them, are especially adapted to the worn-out lands of the South. They are raised, to my knowledge, upon lands which, within my public life, sold for \$2 an acre, and which now in many communities have improved so that they sell for over \$10, \$12, and sometimes as high as \$15 an acre.

This increase in the value of land has been brought about absolutely by this crop, because it would produce no other crop; and this crop at that time was produced by cheap labor. As the wages of labor have increased, the territory put into peanuts has decreased, and the proportion of profit to the farmer has almost disappeared.

The CHAIRMAN. I want to make one suggestion to you right here. Our books show that the production of peanuts in the United States in 1907 amounted to \$10,000,000, and that the importations were about \$500,000 worth that year, although that was an abnormal year. Before that they were incon siderable, for ten years.

Mr. LASSITER. That was a very abnormal year.

The CHAIRMAN. And that there are 600,000,000 bushels of peanuts consumed in the whole world.

Mr. LASSITER. Now, I have a letter here from the Department of Commerce and Labor, stating that neither that department nor the Agricultural Department has made any figures or estimate for the product of peanuts since 1899. I do not know what figures the committee have, or what means they have for collecting figures, but they are not available to Members of Congress at the Department of Commerce and Labor. The year 1907, you have very properly stated, was a year of large production, and the year when the peanut approached, if it did not reach, a profitable price to the farmer. The committee will recollect the year of 1907 was a very profitable one all over the United States in every industry. In that year the price of the peanut—the shelled peanut—rose to 5.1 cents. The price of the peanut in the hull rose to 3.6 cents. In that year there was the most extraordinary importation of peanuts that has ever occurred in the history of the peanut industry. There were brought into this country, largely from Japan, about ten and a half million pounds of peanuts.

Mr. DALZELL. Unshelled?

Mr. LASSITER. Unshelled. There were brought in of the shelled nuts 4,780,054 pounds, and in direct competition with what is known as the Spanish, produced in most of these States.

Mr. HILL. A certain number of pounds of shelled would be equivalent to how many pounds of unshelled—2 to 1, or $2\frac{1}{2}$ to 1?

Mr. LASSITER. About 20 pounds in a bushel of peanuts, so I am told.

Mr. HILL. Thirty pounds to a bushel; do they not run about that way?

Mr. LASSITER. I am told about 16 pounds of first-class goods.

The CHAIRMAN. Are you able to state what the value of the shells is for breakfast foods?

Mr. LASSITER. On the contrary, I regret that my constituents did not bring some samples, as they seem to be enjoyed by the committee; but I take it that peanuts are too well known as a luxury for both the poor and the rich, so that we did not think it necessary to have them in evidence.

The CHAIRMAN. I was trying to get out how many carloads of shells were used for breakfast food. I have been informed that they do use them for that purpose.

Mr. LASSITER. I do not know about the value of them as a breakfast food, but I regard them as a unique luxury produced by the poorer agricultural classes, which all politicians are anxious to please.

The CHAIRMAN. I suppose you notice that we export 6,000,000 or 8,000,000 pounds annually?

Mr. LASSITER. We do, notwithstanding that there is a tariff in Canada of 3 cents a pound. Canada takes 3,500,000 pounds from the United States, although it has a tariff on peanuts of 3 cents.

The CHAIRMAN. The Netherlands take over a million pounds.

Mr. LASSITER. I merely mention Canada. I don't know what the tariff is in the Netherlands. Canada is our largest market outside of the United States.

Mr. DALZELL. What are you advocating?

Mr. LASSITER. I am advocating an increase in the duty on both shelled and unshelled.

Mr. DALZELL. How much?

Mr. LASSITER. Two cents on one and 3 cents on the other.

The CHAIRMAN. Do you want to have an increased duty of 2 cents on the unshelled?

Mr. LASSITER. And 3 cents on the other, for the reason, gentlemen of the committee, that this product has arrived at a point where our farmers can not produce them at a profit.

The CHAIRMAN. You advocate that as a protection against Japanese peanuts?

Mr. LASSITER. I suppose it would operate in a measure as a protective duty, but the Japanese can raise peanuts so much cheaper than our people can raise them under modern conditions, since the negroes in the South have practically left the fields, that it is impossible to draw a comparison between the cheapness of the present labor in Japan and Spain and Africa with the labor of the white man of the South, which now produces these peanuts.

I would go over the importation tables, but, of course, they are available to the members of the committee, showing that peanuts have constantly increased in coming into this country for the last nine years and the ad valorem tax has constantly decreased. This, by the way, is the lowest tax that was ever put upon peanuts. I have compared the tables since 1866.

Mr. GAINES. What was the tariff on peanuts under the Wilson law?

Mr. LASSITER. One cent and $1\frac{1}{2}$ cents.

The CHAIRMAN. The Wilson tariff was 20 per cent?

Mr. LASSITER. Yes; that is equivalent—

The CHAIRMAN. And this averages from 14 per cent up to 23 per cent, and 46 per cent one year, according to the price of peanuts?

Mr. LASSITER. From the figures which I have—

Mr. RANDELL. The McKinley tariff was 1 cent.

The CHAIRMAN. That is right.

Mr. LASSITER. The figures I have taken are from the census statistics, and they show that from the year 1900 until the year 1908, upon nuts in the shell, the average ad valorem tariff ranged from 18.25 in 1900 to 12.72 in 1908. I think that is a matter that should certainly be taken into consideration in this matter.

The committee evidently at that time put upon this article a price which it could bear, or thought it could bear, but as the conditions have so entirely changed the gentlemen who are interested in this industry submit that at least former conditions should be restored.

Mr. UNDERWOOD. I would like to call your attention to this point: I do not suppose the people who are growing peanuts expect a prohibitive tariff any more than they would expect a prohibitive tariff to be levied on steel or iron or anything else.

Mr. LASSITER. Certainly not; none of them that I have ever talked with.

Mr. UNDERWOOD. I notice here, as the chairman has pointed out, that the consumption of peanuts in this country amounts to 10,000,000 bushels a year and the importation to a little over 6 per cent of the total consumption of this country—only 6 per cent. That is very close to an absolutely prohibitive tariff as it stands.

Mr. LASSITER. I think the matter had better be explained to the committee by some gentlemen who are familiar with the industry.

Mr. RANDELL. In 1907 the imports were over 10,000,000 pounds, more than 6 per cent of the consumption.

Mr. UNDERWOOD. But the production was 4,000,000 bushels, against 15,000,000 pounds importation.

Mr. LASSITER. Four million bushels?

Mr. UNDERWOOD. Yes, as against 15,000,000 pounds of importation.

Mr. LASSITER. Four millions of bushels?

Mr. UNDERWOOD. I was comparing the prices, which made it simpler.

Mr. LASSITER. I will be very glad to be referred to that source of information, because we would like to go over it.

Mr. UNDERWOOD. The information we have was prepared by the Bureau of Commerce and Labor. I do not know their source of information.

The CHAIRMAN. This information has been gathered by a corps of experts.

Mr. UNDERWOOD. A corps of experts from this committee.

The CHAIRMAN. With all the information they could get from every source.

Mr. UNDERWOOD. And they give the total consumption in this country as \$10,000,000 worth, and the total importation, which I believe is absolutely correct, as those figures are kept by the Treasury Department, as a little over \$600,000. Now, that makes the importa-

tion, as compared with the consumption, just practically 6 per cent. That is very nearly a prohibitive tariff.

Mr. LASSITER. The conditions surrounding the trade can be better explained by the other gentlemen, who are thoroughly familiar with this business. I would simply say that so far as Pacific imports are concerned, our people are entirely prevented from competing on the Pacific coast, where they formerly had a larger trade, by the duty and by the railroad transportation. The Japanese can lay these goods down in San Francisco, as I understand it, cheaper than our people can produce them. In that way the farmers of the United States, if none of these nuts were produced on the Pacific slope, or if they are in such inconsiderable quantities that they do not form a part of commerce, and are not returned in the census, the farmers in the eastern part of the United States have absolutely lost the whole Pacific trade.

Mr. UNDERWOOD. What I wanted to draw your attention to was this: To write a tariff bill, if we expect to get any revenue from it, the articles on which the tariff is levied must produce some revenue, and with the importations being only 6 per cent now, if we were to increase the duty, would it not become prohibitive and produce no revenue whatever?

Mr. LASSITER. I think not, sir, for several reasons.

Mr. UNDERWOOD. I would like you to address your remarks to that, as to the effect it would have on the revenue if we increased it to 2 cents on the peanut in the shell and 3 cents for the shelled peanuts.

Mr. LASSITER. In the first place, the Japanese are protected by the freight rates. The freight rates are very heavy.

Mr. RANDELL. Under the McKinley bill, with only 1 cent a pound duty, the importations went down to 13,000 pounds, so that that was practically a prohibitive duty; and under the Wilson bill, when the duty was 20 per cent, the industry seemed to be encouraged—

Mr. LASSITER. That was practically 33½ per cent on the average goods.

Mr. RANDELL. It got up to 138,000 and then went down to 4,000 pounds, showing the importation was stopped.

Mr. LASSITER. Under what bill?

Mr. RANDELL. Under the Wilson bill. Then, when the present bill went into effect, in 1898, imposing a duty of one-half a cent a pound, the importations increased from 77,000 right straight along by leaps and bounds to 10,000,000 pounds. Now, you say that interference on account of the difference in the quality of the peanut, if you put on 2 cents a pound, that would be absolutely prohibitive; would you not say so?

Mr. LASSITER. I do not think so, because there is a difference in labor that did not exist twenty years ago and certainly did not exist ten years ago.

Mr. RANDELL. Does it not indicate that somewhere between half a cent and a cent would bring in the most revenue to the Government?

Mr. LASSITER. I think not. I intended to emphasize the fact that labor in places where these nuts are raised has increased from 30 to 35 cents for women to 75 cents for women and for men from 40 to 45 to 50 cents a day up to \$1.25 a day, and scarce at that, almost impossible to get.

The CHAIRMAN. Before you fully answer that question I want to call your attention to another circumstance, that while the imports in 1907 were 14,000,000 pounds; that in 1906 they were about 3,000,000 altogether, or, in other words, 1907 we find to have been an abnormal year in everything that is imported. There was a large increase over the three or four years preceding; but the average importation of several years preceding was annually about 3,000,000 pounds for five or six years.

Mr. LASSITER. Yes; I have noticed that.

The CHAIRMAN. And it jumped to 14,000,000 pounds in 1907?

Mr. LASSITER. There was not only prosperity in the country, when people could afford to indulge in luxuries, but we had a failure of the peanut crop in large sections of the South, and peanuts in that year were profitable as they had not been for many years, and the foreign producer, recognizing that, set in a very large production, because when it reaches where our people can live they can undersell us—

Mr. HILL. What are they worth a bushel now?

Mr. LASSITER. There is a peculiar instance of that fact this minute. A gentleman came from my home last night and told me the value of the Spanish nuts had jumped up from 80 a few days ago to 92 and then 94½.

Mr. HILL. What are the average peanuts worth a bushel?

Mr. LASSITER. It is hard to get an average, because I would have to divide them between the Spanish nuts and Virginia nuts, which is not done by the figures. I would like to call the attention of the committee to that matter specifically. I would say that it costs us somewhat more to raise the Spanish nuts than it does to raise the Virginia nuts.

Mr. HILL. Well, what does the Virginia farmer get for the Virginia nut this year?

Mr. LASSITER. This year he gets about 3 cents.

Mr. HILL. And that would be 90 cents a bushel?

Mr. LASSITER. No, no; about 60 cents.

Mr. HILL. There are 30 pounds to the bushel?

Mr. GAINES. Twenty-two pounds of Virginia peanuts, 30 pounds of the other kind, the Virginia peanut being larger.

Mr. LASSITER. It is very important to notice those distinctions, and I hope they will be noticed in the next census.

But as soon as these Virginia peanuts arose to a point where they were approximately profitable to the farmer who did his own labor, immediately there came telegrams from New York that the importers had a cargo of Spanish peanuts on the water, and the prices dropped.

STATEMENT MADE BY ALVAH H. MARTIN, OF NORFOLK, VA.,
RELATIVE TO THE PRODUCTION OF PEANUTS.

THURSDAY, December 17, 1908.

The witness was duly sworn by the chairman.

Mr. MARTIN. I hail, gentlemen, from the city of Norfolk, the leading peanut market in this country, and I desire to call attention to the fact that the importation of peanuts is from Africa, Japan, and

Spain, where the very lowest wages prevail, and we realize that the importations are increasing, and we also realize that the agriculturists who are raising that crop are getting very much discouraged.

The price that now prevails, 3 cents a pound for the Virginia crop, scarcely pays the cost of production, and unless a change occurs they will have to refrain from raising them, and it seems to me, gentlemen, that under such circumstances as these, that it is a very proper case for increasing the tariff on this article.

I think that we should not be brought into close competition with countries that use the cheap labor, the very cheapest labor that is to be had.

That is the main point, and I will give way to some one else if there are no questions.

Mr. FORDNEY. How many bushels of peanuts are produced per acre on a fair average?

Mr. MARTIN. About 40 bushels, I understand, and the gentlemen that follow me will give you the items of cost and they will show very plainly that peanuts can not be raised at the present prices.

Mr. UNDERWOOD. I will ask you this: Do you think that an influx into the market of 6 per cent of a product seriously affects that market?

Mr. MARTIN. Yes, sir. I think that where the market is congested, as it is—there are only a few States that raise this crop, and I think it would affect it materially, but I believe—

Mr. UNDERWOOD. Let me ask you a question right there: Is not the congested condition of the market and the low prices the peanuts are bringing due to the large production of peanuts in this country and not the importation?

Mr. MARTIN. No; I think the reverse is true. I think it is the congested locality that this crop is produced in.

Mr. UNDERWOOD. The American crop varies in production more than 6 per cent a year, does it not?

Mr. MARTIN. I think it does.

Mr. UNDERWOOD. Last year, when Mr. Lassiter said there was an increase in price on account of the short crop, how much did the crop fall off?

Mr. MARTIN. I am not prepared to answer that, but I do know the importations have increased, and I believe they are going to continue to increase.

Mr. UNDERWOOD. Have you the figures for 1908, as to the importations?

Mr. MARTIN. I have not, but I have been advised that there is a steady increase in the importations. I have been so told by gentlemen who know.

Mr. CLARK. Are you a farmer or dealer in peanuts—which?

Mr. MARTIN. I am a resident of the county of Norfolk.

Mr. CLARK. What I am trying to get is whether you know about the raising of peanuts.

Mr. MARTIN. I know something about the raising of peanuts; I have raised some, but I do not pretend to be an expert in the matter.

Mr. CLARK. You answered Mr. Fordney as to how many bushels were raised on an acre. What was the number you gave?

Mr. MARTIN. About 40 bushels to the acre.

Mr. CLARK. And the average price is what?

Mr. MARTIN. Three cents a pound, which would be 66 cents a bushel.

Mr. CLARK. The average price—it is low, is it not?

Mr. MARTIN. I think so.

Mr. CLARK. What is the average price of peanuts?

Mr. MARTIN. Well, at this time it is 3 cents.

Mr. CLARK. I am not talking about this time. What has been the average price for the last 10 years?

Mr. MARTIN. I am going to turn that matter over to some of the growers, who can give you all of the details.

Mr. CLARK. If you would rather not answer the question, all right.

Mr. MARTIN. I am going to ask you to inquire of some one who is more familiar with the business.

Mr. CLARK. Which one shall I propound it to with the best chance of getting the information I want?

Mr. MARTIN. The gentleman that follows me.

Mr. CLARK. The one who will immediately follow you?

Mr. MARTIN. Yes.

Mr. CLARK. All right.

Mr. HILL. I would like to call your attention to the blue circular issued that in almost all these items of export the valuations have gone very largely below, while the quantities have fallen off very little for the year 1908, so that this whole importation would seem to be absolutely abnormal, and I really believe your fears are unfounded. The importations have been largely increased by reason of the exceedingly small valuation, not only on this but on everything, right straight through the list. While Mr. Underwood called attention to the fact that the importations were 6 per cent, if he will go back to 1906 he will find that they are only about 1 per cent.

Mr. MARTIN. I was told recently by the collector of the port of Norfolk that the importation of peanuts was growing right along.

Mr. CLARK. That is because the consumption of peanuts has increased enormously; people are just really waking up to the quality of the food that is contained in peanuts, are they not?

Mr. MARTIN. I know this to be a fact, that in several years the growers have had to carry their crops for several months.

Mr. CLARK. How did that happen, if only 6 per cent of the product is brought in from abroad?

Mr. MARTIN. Because there was not a demand for the peanuts.

Mr. CLARK. What you really want, then, is a prohibitive tariff against foreign peanuts?

Mr. MARTIN. We want a tariff that will protect us. I am for protection, out and out.

Mr. CLARK. Suppose we had a tariff of \$40 a ton on peanuts and you raised more peanuts than could be consumed in the United States, what good would the tariff do you?

Mr. MARTIN. The revenue you are going to get from peanuts is not going to be very large. I do not see any great advantage to be gained in that direction.

Mr. CLARK. I am asking you a plain, simple question. If we put on such a tariff as to make it absolutely prohibitive and you raise more peanuts than the American market would consume, then what good would a tariff do you?

Mr. MARTIN. This is an instance, in my opinion, where a tariff could be levied in that way, just the same as a tariff is levied in the interest of woolgrowers and wool manufacturers, or other things that I could name——

Mr. CLARK. Certainly. The others are getting it, and you want it?

Mr. MARTIN. Certainly we want it.

Mr. CLARK. And you come as near having a prohibitive tariff now as anybody in the whole list except two or three cases where the tariff has reduced the importations to practically nothing?

Mr. MARTIN. I do not think that that is prohibitive, since the importations have increased 6,000 per cent since 1900.

Mr. CLARK. But it only increased the entire amount of peanuts in the United States 6 per cent.

Mr. MARTIN. In this congested locality, all the peanuts are raised there, that is the trouble.

Mr. CLARK. All peanuts are not raised in Virginia and North Carolina, are they?

Mr. MARTIN. The principal quantity of them are raised there. Norfolk is the principal market.

Mr. CLARK. But that has not a thing in the world to do with it. Don't they raise peanuts in Arkansas?

Mr. MARTIN. Yes, sir.

Mr. CLARK. They can raise peanuts in Missouri?

Mr. MARTIN. The principal States are Virginia and North Carolina and that section.

Mr. CLARK. I know they raise more than any other State, because they have got in the habit of doing it.

Mr. MARTIN. I suppose they do not raise them in other States because the raising of them is not profitable.

C. F. DAY, OF SMITHFIELD, VA., ASKS THAT A DUTY OF TWO CENTS A POUND BE PLACED ON PEANUTS.

THURSDAY, *December 17, 1908.*

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Please state your full name to the stenographer.

Mr. DAY. C. F. Day, of Smithfield, Va. I am here, gentlemen, representing the growers of Virginia peanuts.

The CHAIRMAN. Proceed, Mr. Day.

Mr. DAY. I would prefer to answer questions asked by the committee, rather than to give in my testimony. I can answer questions better than I can make a statement.

Mr. CLARK. If you will state what it is you want, I will ask you a few questions.

Mr. DAY. All right, sir.

Mr. CLARK. That is, if nobody else wants to ask them.

The CHAIRMAN. Proceed, Mr. Day.

Mr. CLARK. What is it you want, Mr. Day?

Mr. DAY. We want the tariff on peanuts put at 2 cents a pound.

Mr. CLARK. What for?

Mr. DAY. For the sake of protection.

Mr. CLARK. Why, there is only 6 per cent imported now. Is not that so?

Mr. DAY. There is enough imported now from Japan to affect the price of the Virginia product on the Pacific coast.

Mr. CLARK. But it is true that there is only 6 per cent imported?

Mr. DAY. I do not know about that; but there is plenty imported to affect the price of ours on the Virginia coast.

Mr. CLARK. The chairman says that the average percentage of imports is only about 2 per cent.

Mr. DAY. There is enough imported from Japan now on the Pacific coast to prevent the shipping of our goods to the Pacific coast.

Mr. CLARK. Are you a raiser of peanuts?

Mr. DAY. I am.

Mr. CLARK. You are a farmer?

Mr. DAY. I am.

Mr. CLARK. What is the average crop of peanuts in Virginia, in the country around there?

Mr. DAY. About 35 or 40 bushels.

Mr. CLARK. About 35 or 40 bushels?

Mr. DAY. Yes, sir.

Mr. CLARK. To the acre?

Mr. DAY. To the acre; yes.

Mr. CLARK. It turned out here awhile ago that it was 66 bushels.

Mr. DAY. Oh, no; no one has made that statement.

Mr. FORDNEY. That was the price.

Mr. DAY. You have got the prices mixed up with the quantity.

Mr. CLARK. How much is the average crop?

Mr. DAY. I would say 35 bushels.

Mr. CLARK. And what is the average price?

Mr. DAY. About $3\frac{1}{2}$ cents.

Mr. CLARK. It will not go as high as 4 cents, you think?

Mr. DAY. You asked for the average.

Mr. CLARK. Yes.

Mr. DAY. The average is $3\frac{1}{2}$ cents.

Mr. CLARK. For the last ten years?

Mr. DAY. For the last ten years.

Mr. CLARK. How much does the land cost to raise them on?

Mr. DAY. Our land sells from \$10 to \$50 an acre.

Mr. CLARK. How long have you been raising peanuts in Virginia?

Mr. DAY. Ever since 1865.

Mr. CLARK. And it has been one of the most profitable crops in the State, has it not?

Mr. DAY. It has been up until recently. It is not profitable now. We can not grow them now at a profit.

Mr. CLARK. Is not the the reason that the competition has become so great, because of the fact that the peanut crop has been so profitable that it has extended not only over larger areas in Virginia and North Carolina, where it originated, but over all of the Southern States, including the southeast corner of Missouri, and that they have gone into the business of raising peanuts because it is more profitable than to raise corn or cotton?

Mr. DAY. I do not know that. We only come into competition with the Virginia and Carolina peanut. That is the only one known to the trade.

Mr. CLARK. And it is so known to the trade because you got the bulge on the rest of the world in raising peanuts, and you fastened your name on it. The Tennessee and Arkansas growers to-day, when they raise them, have to sell them under the name of Virginia and Carolina peanuts, do they not?

Mr. DAY. They are sold under the name of Virginia peanuts—the Tennessee peanut is.

Mr. CLARK. And all the rest, too.

Mr. DAY. When they are Virginia peanuts; yes. The others are not.

Mr. CLARK. The Virginia peanut got the reputation of being the best peanut, and then the rest of the people, including those in Missouri that have gone into the business, simply took shelter, so to speak, under the shield of Virginia in selling their peanuts.

Mr. DAY. I think it likely that Missouri sells its peanuts as Virginia peanuts.

Mr. CLARK. I think the chances are 100 to 1 that they do.

Mr. DAY. I think so.

Mr. CLARK. Can you raise anything else on the land that you raise the peanuts on?

Mr. DAY. Not profitably.

Mr. CLARK. Can you not raise corn on it?

Mr. DAY. No.

Mr. CLARK. Or tobacco?

Mr. DAY. We have not grown tobacco since the war.

Mr. CLARK. That is because the peanut crop is more profitable than the tobacco crop, is it not?

Mr. DAY. Our people do not know anything about growing tobacco.

Mr. CLARK. Do they raise wheat?

Mr. DAY. Not since 1861. We grow peanuts exclusively in the Isle of Wight.

Mr. CLARK. That is because it is the only crop you can grow?

Mr. DAY. It is the only one we can grow.

Mr. CLARK. Why, I thought you could raise anything in Virginia. You raise corn—

Mr. DAY. Only in a certain part. Not in the Isle of Wight.

Mr. UNDERWOOD. I want to ask you one or two questions. Has not the price of peanuts been constantly increasing since 1898?

Mr. DAY. No.

Mr. UNDERWOOD. I have before me the Treasury figures as to the price of the imported peanuts, and this gives the price without the duty added, of course. The price that I read to you would have to have added half a cent duty to show what the foreign peanut was worth in the American market; but as giving the value of the foreign peanut, these Treasury figures show that in 1898 the value of the peanuts per pound was 1 cent and one-tenth; in 1899, 2.1 cents; in 1900, 2.7 cents; in 1901, 2.5 cents; in 1902, 2.3 cents; in 1904 it was 2.7 cents; in 1905 it reached 3 cents; in 1906 it reached 3.2 cents; and in 1907 it reached 3.6 cents. Now, as I say, to reach the value of that peanut in the American market you would have to add half a cent duty, but that shows a constantly increasing value of the imported product, as shown by these Treasury figures. I take it that the constantly increasing value of the imported product would indicate a continually rising American product.

Mr. DAY. The Virginia peanut to-day is worth in the Norfolk market $2\frac{3}{4}$ to $3\frac{1}{4}$ cents a pound. The cleaners of those goods are charging $4\frac{1}{4}$ cents for the cleaned product. Japan is putting her peanuts into the Pacific ports to meet those prices—the prices of our cleaned product. They ship better goods than ours. Their farmers' goods will supply the place of our cleaned goods, and they are putting them into the Pacific ports to meet ours. We can not ship west of the Mississippi.

Mr. UNDERWOOD. The value of the Japanese product in 1907, if these figures are correct—and I presume they are—must have been the value of the product which is fixed here at the average value, at 3.6 cents, which, with half a cent added, would mean that the value of the Japanese product at San Francisco would have been 4.1 cents. What do you say the value in 1907 of your product was?

Mr. DAY. About $4\frac{1}{2}$ to 5 cents; but when Japan ships her peanuts she is shipping just enough to meet our prices and to destroy our market.

Mr. UNDERWOOD. It does not destroy your market in the East, does it?

Mr. DAY. No; it does not destroy our market in the East, because the freight across the continent is about \$1.30 a hundred.

Mr. UNDERWOOD. As a matter of fact, there is a point between Norfolk and San Francisco where the freight rate gives you largely the advantage. Is not that true?

Mr. DAY. Well, I speak of course as to the Pacific ports.

Mr. UNDERWOOD. And therefore—

Mr. DAY. The freight rate from Norfolk to San Francisco is \$1.30.

Mr. UNDERWOOD. And the rate from San Francisco to Norfolk would be about the same?

Mr. DAY. It must be about the same.

Mr. UNDERWOOD. Therefore, under those circumstances, the Japanese peanut can not cross the Mississippi River coming this way, can it?

Mr. DAY. They can not under the present conditions; but last year there were tens of thousands of bags brought into Virginia from Japan and cleaned there in competition with Smithfield.

Mr. UNDERWOOD. They do not come from San Francisco, though?

Mr. DAY. No; they come through the Suez.

Mr. UNDERWOOD. But, as a matter of the general condition of the trade, you control under the present duty the market this side of the Mississippi River, do you not?

Mr. DAY. No; we do not control it at all, now. The present duty is absolutely inadequate to meet the present conditions. We want a tariff of 2 cents.

Mr. UNDERWOOD. At Norfolk, how much is the local production of peanuts?

Mr. DAY. At Norfolk City?

Mr. UNDERWOOD. Yes.

Mr. DAY. None.

Mr. UNDERWOOD. I mean—

Mr. DAY. The receipts?

Mr. UNDERWOOD. What are the receipts?

Mr. DAY. I should think something like 1,000,000 bags went into Norfolk.

Mr. UNDERWOOD. What is the importation of the foreign peanuts at Norfolk?

Mr. DAY. There were, I suppose, 15,000 or 20,000 bags brought in last year—just enough to destroy the market.

Mr. UNDERWOOD. You have a million bags in your local market as compared to fifteen or twenty thousand bags. You see that is only about 2 per cent of the importations.

Mr. DAY. It is enough to destroy the market.

Mr. UNDERWOOD. I wanted to ask you to look at it from the standpoint of this committee, where there is some revenue expected out of the proposition. If we make the duty higher, where would the revenue come from?

Mr. DAY. I am not interested in the revenue. We want protection.

Mr. UNDERWOOD. You want protection, even if we do not get any revenue?

Mr. DAY. Yes, sir.

Mr. UNDERWOOD. If we apply that proposition right along the line, to every manufacturing business, we will probably have to build a Chinese wall around the United States and levy whatever tax might be necessary.

Mr. DAY. The importation of peanuts is very small, and the revenue would be very small; but the effect on the peanut farmer is very great.

Mr. RANDELL. Your idea seems to be that the lemon producer on the Pacific coast should put the tariff up high so as to compel the people to get lemons there, and not get them from Italy, and that you on the Atlantic coast should put it so high that they would have to get your peanuts instead of getting them from Japan?

Mr. DAY. Yes.

Mr. RANDELL. And then the people engaged in the lemon business and in the peanut business, and those who use them, would be paying you producers a very high price.

Mr. DALZELL. You want an advance, as I understand, of 400 per cent on the tariff in protection of peanuts, in one instance, and 300 in the other. You advocate the same figures as the first witness?

Mr. DAY. Yes.

Mr. DALZELL. Do you believe in a tariff for protection?

Mr. DAY. I want protection on peanuts. [Laughter.]

Mr. DALZELL. Do you believe in a tariff for the protection of anything else?

Mr. DAY. Well, yes; I must say I do.

Mr. DALZELL. You do?

Mr. DAY. Yes.

Mr. DALZELL. Then you are a protectionist?

Mr. DAY. No; I am not. [Laughter.]

Mr. DALZELL. To what extent are you a protectionist?

Mr. DAY. I believe that certain industries of the country ought to be protected.

Mr. DALZELL. What are they?

Mr. DAY. I think Virginia tobacco is one.

Mr. DALZELL. And you think Virginia peanuts is another?

Mr. DAY. Peanuts is another.

Mr. DALZELL. Anything else? Do you believe that any of the growers outside of Virginia ought to be protected? [Laughter.]

Mr. DAY. There are a good many things that grow outside of Virginia that are protected. [Laughter.]

Mr. DALZELL. But I ask you if you think that anything that grows outside of Virginia ought to be protected?

Mr. DAY. Why, yes; I reckon so. I can not tell what they are, though. [Laughter.]

Mr. DALZELL. What are they?

Mr. DAY. I can not tell what they are. [Laughter.]

Mr. DALZELL. But you think that an advance of 400 per cent and 300 per cent in protection for peanuts is a reasonable request to make of this committee?

Mr. DAY. I do.

Mr. DALZELL. That is all.

Mr. HILL. Three hundred per cent of duty, now; not 300 per cent of value.

The WITNESS. An increase of duty; yes. It is an increase of 300 per cent on goods in the shell.

Mr. CLARK. Do you really believe that where only 6 per cent of an article is imported that it in any degree affects the price of the domestic article?

Mr. DAY. I know absolutely that it does.

Mr. CLARK. You know that two facts exist, and you assume that one of them produces the other. You do not make as much money out of your peanuts as you would like to have, and therefore you conclude that it is this pitiful 6 per cent that comes in that has put on the price of peanuts.

Mr. DAY. No; I do not say it has put on the price of peanuts.

Mr. CLARK. I want to ask you another question. Has it not been within a comparatively recent time when the American people as a whole have waked up to the fact of the very high food value of peanuts?

Mr. DAY. No; we sold as many ten years ago as we do to-day, nearly.

Mr. CLARK. You sold as many ten years ago as you do to-day?

Mr. DAY. Almost.

Mr. CLARK. You say that the Japs control the peanut trade clear to the Mississippi River?

Mr. DAY. I do. No; along the Pacific coast, I said, and west of the Mississippi River.

Mr. CLARK. Thirty per cent of the American people live west of the Mississippi River, and if they only get 6 per cent of the total consumption of peanuts in the United States, then they had better have their appetites cultivated up to knowing how to eat peanuts, had they not?

Mr. DAY. I do not know about that.

Mr. CLARK. You have 70 per cent of the people eating 94 per cent of the peanuts consumed in the United States, and 30 per cent of the people only consuming 6 per cent.

Mr. DAY. I know this, that the Virginia peanut growers are growing at a loss. We can not make peanuts at from 3 to 3½ cents.

Mr. CLARK. How long have they been growing them at a loss?

Mr. DAY. Well, for a good many years. They eke out a miserable existence.

Mr. CLARK. They did not make any money in 1905 and 1906 and 1907 raising peanuts? Those were all good years?

Mr. DAY. Very little.

Mr. CLARK. What do you say, in the light of that percentage table, as given you, about 30 per cent of the people in the United States only eating about 6 per cent of the peanuts eaten, and 70 per cent eating 94 per cent? You surely do not believe that, do you?

Mr. DAY. I don't know about that. I do not consider the question of percentages. I do know, as I first stated, that the Japanese are filling the Pacific ports with peanuts.

Mr. CLARK. But the Pacific ports do not amount to a bagatelle in comparison with the whole people in the United States.

Mr. DAY. What is that?

Mr. CLARK. I say that the one question of the Pacific coast does not amount to very much, in population, compared with the entire country.

Mr. DAY. Oh, well; I do not know as to that.

Mr. CLARK. It is easy to calculate that. Suppose you would go to St. Louis to-day. Do you suppose you would find 1 per cent of all the peanuts in stock in St. Louis Japanese peanuts?

Mr. DAY. No; you would not in St. Louis.

Mr. CLARK. St. Louis is west of the Mississippi.

Mr. DAY. It is just across it.

Mr. CLARK. Where do they get theirs?

Mr. DAY. We put our peanuts into St. Louis.

Mr. CLARK. Where is the St. Louis trade—peanuts and all?

Mr. DAY. What?

Mr. CLARK. What part of the country is St. Louis's trade in?

Mr. DAY. She ships west.

Mr. CLARK. West and southwest?

Mr. DAY. Yes.

Mr. CLARK. Then, your answer to Mr. Underwood that the Japs controlled the peanut trade to the Mississippi will have to be revised, will it not?

Mr. DAY. I do not know about that. I only know that we are not shipping any peanuts now to the Pacific coast. The cleaners are not shipping to the Pacific coast, where they formerly had the whole trade.

Mr. CLARK. Is not this the truth about the whole business: That you began to find out, one way and another, that the steel trust was getting a tremendous rake off on the tariff, and the lumber men were getting a tremendous tariff, and the woolen manufacturers were getting one, and so on and so on to the end of the chapter, and that you people down there concluded that while the pie was being passed around you would like to have a slice? Is not that the truth of the whole matter?

Mr. DAY. Oh, no; not at all.

Mr. CLARK. Well, that is all.

Mr. DAY. All right.

Mr. LONGWORTH. Mr. Day, who is your Representative in Congress?

Mr. DAY. Mr. Maynard.

Mr. LONGWORTH. Is he in favor of this 400 per cent increase?

Mr. DAY. I understand so.

Mr. LONGWORTH. Do you think if we give it to you, and accept your proposition, that he will support the bill?

Mr. DAY. I am sure he will. I can speak for him.

Mr. DALZELL. The whole of the bill?

Mr. LONGWORTH. Yes; will he support the whole bill?

Mr. DAY. Oh! I do not know about that. [Laughter.]

Mr. GAINES. Where do you live?

Mr. DAY. At Smithfield, Va.

Mr. GAINES. And your name?

Mr. DAY. C. F. Day.

Mr. GAINES. Thank you. Now, Mr. Day, there are 22 pounds of peanuts, I believe, to a bushel?

Mr. DAY. That is right.

Mr. GAINES. How are the peanuts sold to the retail purchaser? Are they sold in any other way than simply in small sacks or a small cupful? Is there any other way that the retail purchasers buy them?

Mr. DAY. A great many of the peanuts are sold for candies. We shell the imperfect goods and sell them for candy.

Mr. GAINES. But they are used by candy makers?

Mr. DAY. Yes.

Mr. GAINES. I mean the people who buy them at retail?

Mr. DAY. They are sold in small packages.

Mr. GAINES. They are sold in small packages, or by the small cupful, for 5 cents?

Mr. DAY. Yes.

Mr. GAINES. Have you any idea what the weight of one of those packages is?

Mr. DAY. I am told about five or six packages are sold to the pound.

Mr. GAINES. Five or six packages to the pound. Then if the tariff were increased from half a cent a pound to 2 cents a pound, and the price of the domestic peanut was increased to the entire amount of the tariff on the foreign goods, the increase of the price in such event would only be two-fifths of a cent a package to the retail purchaser?

Mr. DAY. Yes.

Mr. GAINES. And it would probably not affect him at all?

Mr. DAY. It would not affect him at all—the increase would not.

Mr. RANDELL. But they would be more likely to put less in the package?

Mr. DAY. Maybe so.

Mr. GAINES. So you think that it is, in the case of peanuts, probable that the consumer would not suffer at all by reason of the tariff on peanuts?

Mr. DAY. I feel very sure he would not.

Mr. GAINES. But that the original producer is very much benefited by the tariff. Are you Virginia farmers willing to concede that that may be true on many other products?

Mr. DAY. Yes.

Mr. GAINES. In other words, you are getting to be, at heart, protectionists, are you not?

Mr. DAY. Rather.

Mr. GAINES. I thought you were. I hope you will assist Mr. Martin hereafter before election, and not merely call on him to assist you after election. [Laughter.]

**J. P. HOLLAND, OF FRANKLIN, SOUTHAMPTON COUNTY, VA., ASKS
AN INCREASE OF THE DUTY ON PEANUTS.**

THURSDAY, *December 17, 1908.*

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Proceed, Mr. Holland.

Mr. HOLLAND. I want to say to you gentlemen that I am not a speaker. I am here as a peanut grower, but I would like to ask your indulgence for, I will say, ten minutes. I want to make a statement and then I want you to ask me these questions. Some of them you have asked, but I would like to make my statement first, if you please. I do not mind being interrupted—

Mr. UNDERWOOD. All right; tell us when you get through your statement.

Mr. HOLLAND. I want to say in the beginning that I have come from a mass meeting of peanut growers, and I speak only from the growers' standpoint. I do not know the other standpoint.

Peanuts are grown in 24 counties of Virginia and North Carolina and 3 counties in Tennessee. I refer now to the edible peanuts. I do not know anything about the other peanuts. The principal part of all the peanuts grown in the United States are grown in 13 counties of Virginia and North Carolina and 3 counties of Tennessee. I have heard something about Arkansas and Missouri. They may grow peanuts for the children, or something like that, but they do not enter into this market; and they do not grow except in 13 counties of Virginia and North Carolina and 3 counties of Tennessee—the peanuts that are in competition, and that are principally concerned in what we ask here to-day.

Mr. CLARK. I do not want to interrupt you, but has not Georgia produced so many peanuts that it is known all over the world as the "Goober State?"

Mr. HOLLAND. Georgia, Alabama, and Texas produce peanuts that are turned into food for cattle and hogs. It is a different peanut. It is ground with the vine, and that is made into a crude oil of some kind. They are not roasted and sold as ours are.

Those peanuts are grown on land that is very fertile in some sections and very poor in others. Peanuts are divided, as I know them, into the Virginia peanuts, representing the peanuts you see on the streets here, roasted, in sacks, and the Spanish peanuts. The Spanish peanuts are all shelled. They are very small peanuts, and they are sold shelled only. I never saw them on the market in the shell. They are all shelled peanuts. They are used principally for candies, and there are various ways of disposing of them in confectionery.

We grow in our immediate locality, around Norfolk, in these 13 counties, principally the Virginia peanut. That land is land that is worth from \$10 to \$25, and from \$15 to \$50 an acre—some \$100. Some of the land that the Spanish peanuts are grown on is very poor, and is consequently very cheap.

Mr. COCKRAN. Where are the Spanish peanuts grown?

Mr. HOLLAND. That part of the State near Petersburg, on the Atlantic Coast Line; the counties of Prince George, Dinwiddie, Sussex, and Greenfield, in Virginia, and in Pitt, Northampton, Nash, Edgecombe, Bertie, in North Carolina. That is the principal part of the Spanish crop grown in the United States.

Mr. COCKRAN. When you speak of the Spanish peanut, you do not mean that they are grown in Spain?

Mr. HOLLAND. Oh, no; we got the seed from Spain. Spain produces the same peanut to-day; but we get them from very poor land.

Mr. COCKRAN. And when you refer to the Spanish peanut, you refer to the peanut that is grown here?

Mr. HOLLAND. Yes; it is a very small peanut, and it is sold shelled.

Mr. COCKRAN. Thank you.

Mr. HOLLAND. The cost of producing the peanut has never been settled among our people. We have asked the question, when we have gotten together, and we never have agreed. I want to say to you gentlemen that why we do not know is because the labor is not paid for in dollars and cents. The people who grow peanuts are the fathers and their sons and their daughters. The labor is not paid for in dollars and cents, and there is no way of accounting correctly what these peanuts do cost.

Mr. CLARK. Let me ask you this question, now: Taking that to be the exact fact, are there not enough people engaged in raising peanuts to arrive at some reasonable calculation about what it costs?

Mr. HOLLAND. Yes, sir; but—

Mr. CLARK. Most of the corn and the wheat that is raised in the United States is raised by men and their sons who own the land?

Mr. HOLLAND. If you will just pardon me a minute, that is true; but from your standpoint you would cease raising peanuts, because you are able to. These people who grow peanuts get credit at the merchant's store and at the warehouse, based on the number of acres of peanuts; and this land has been so run down by the growth of the peanut that they can not grow anything that will bring money.

Mr. CLARK. Will clover grow in Virginia?

Mr. HOLLAND. It would if the farmer had the money to buy fertilizer enough to relieve the land. He can not do it because of the very fact that he has not the money to buy the fertilizer to put on the land.

Mr. CLARK. You do not expect Congress to put such a tariff on peanuts as to compensate the farmer for everything he does to his land, do you?

Mr. HOLLAND. I expect Congress to do for these people what it is doing for others; no more and no less.

Mr. CLARK. Suppose you turn the thing around the other end fore-

most, and take away some of the "pap" that these other fellows are getting. How would that strike you as a fair proposition?

Mr. HOLLAND. I would like to answer that, and I will say that I anticipated that question before it came. Colonel Day was asked if he was a protectionist. I am one of those fellows that has objected against protection, but I am converted, not altogether on the theory that protection is right, but that protection is here to stay; that pig iron and all the other products of all the other parts of the United States are protected, and that their labor is protected, and that this labor is as sacred and has as much right to be protected as your labor, or your labor, or any other labor.

Mr. CLARK. You did not know, then, that this committee had been puzzling with the steel and iron men here for five or six or seven days to see if we could not take some of the tariff off of steel and iron?

Mr. HOLLAND. I know you have been puzzling twenty years, and here is steel where it is, and it will be in the same situation, in my opinion, twenty years from now.

Mr. CLARK. You can hardly be certain of that.

Mr. HOLLAND. I have nothing to guide me in the future except past experience. I am certain that no new argument can be advanced to convince these people, that will turn them loose from a good thing.

Mr. CLARK. Let me ask you the same question that I asked the other gentleman and see if you will answer it as frankly as he did.

Mr. HOLLAND. I will try.

Mr. CLARK. Is not the whole truth about peanuts this: That you studied down there in Virginia about the steel men and the iron men and the lumbermen and the woolen manufacturers and all of the rest of them getting a big quantity of tariff allowed, and you finally concluded that while this tariff pie was being passed around you were entitled to your slice as well as they? That is the plain way of putting it.

Mr. HOLLAND. It is very plain.

Mr. CLARK. Is not that your philosophy here to-day?

Mr. HOLLAND. I plead guilty for the sake of the argument, and say that that is why I am here.

Mr. CLARK. I want to—

Mr. HOLLAND. But I would like to explain.

Mr. CLARK. Go ahead.

Mr. HOLLAND. I plead guilty, but I base it upon a higher ground. These gentlemen have stood here to-day in advocacy of their respective products, and they have told you about labor at \$18 a week and \$24 a week, and they are asking you to protect that labor. I tell you that the labor that produces these peanuts only receives from 50 to 75 cents a day. And, gentlemen, furthermore, if the gentlemen will pardon me, at least 5 per cent of the farmer's land in the main section where I live is under the hammer to-day, and is being sold under deeds of trust for the want of making a living, or making enough to keep things up-to-date, and it is due to the low price of peanuts.

Mr. CLARK. Now, have you answered fully?

Mr. HOLLAND. I have answered that; yes.

Mr. CLARK. My recollection is that in answer to Mr. Hill's question, I think you or the gentleman that preceded you testified that some of this land was worth \$100 an acre.

Mr. HOLLAND. It is, sir.

Mr. CLARK. Well, now, can you raise anything else on that land besides peanuts?

Mr. HOLLAND. Yes, sir; we are compelled to raise something else.

Mr. CLARK. What can you raise?

Mr. HOLLAND. Corn—not for the market, but for home consumption. They raise cotton in my vicinity, but at the Isle of Wight and at Smithfield they do not raise cotton. We are the farthest point north that raises cotton.

Mr. CLARK. Is the peanut crop the most valuable crop you can raise?

Mr. HOLLAND. Just let me explain. We are compelled to raise something else. This land that we have will not make a crop of peanuts three years in succession.

Mr. CLARK. It is hard on the ground, is it?

Mr. HOLLAND. It is severely hard. It takes the vegetable matter from the land.

Mr. CLARK. Why do not your people rotate your crops, so as to bring the land around again? If you can raise clover on it, it will reinvigorate any soil in the world, where it will grow.

Mr. HOLLAND. We do rotate. We rotate with corn one year, and with peanuts the next year, or potatoes; but peanuts are planted on some of the ground once in three years. There are people who plant once in two years.

Mr. CLARK. Is not the peanut crop really and truly the most profitable crop that you can raise in that part of Virginia?

Mr. HOLLAND. I expect it is.

Mr. CLARK. And yet you can not make any revenue raising peanuts?

Mr. HOLLAND. No, sir; we can not make any revenue now.

Mr. CLARK. I would like to ask you another question. What is the average peanut crop down there—that is, to the acre?

Mr. HOLLAND. I think 30 bushels per acre will cover it.

Mr. CLARK. The other man said 35.

Mr. HOLLAND. We do not agree as to that. I think 30 is the average.

Mr. CLARK. How much do you get a bushel for the average bushel?

Mr. HOLLAND. I think the average price is somewhere about 3 cents a pound.

Mr. CLARK. How much would that make a bushel?

Mr. HOLLAND. Sixty-six cents.

Mr. CLARK. Sixty-six cents. That makes \$19.80, on your own statement, as the product of an acre?

Mr. HOLLAND. Yes.

Mr. CLARK. Is it any more trouble to raise peanuts, or any more expensive, than it is to raise corn?

Mr. HOLLAND. Yes, sir; three times as much.

Mr. CLARK. Three times as much work to raise peanuts?

Mr. HOLLAND. Three times as much labor; then it takes a sack to put the peanuts in, costing 9 or 10 or 11 or 12 cents.

Mr. CLARK. You also have to put corn into a sack to ship it, generally—

Mr. HOLLAND. We do not ship it.

Mr. CLARK. I am talking about the man who does.

Mr. HOLLAND. Corn is shipped loose from your country to ours.

Mr. CLARK. Suppose we wanted to ship corn from our country to yours. Do we not have to sack it?

Mr. HOLLAND. You would have to conform to the demands of the people who do the shipping.

Mr. CLARK. Do we not have to sack it?

Mr. HOLLAND. Not when it comes to us.

Mr. CLARK. How much corn can you raise on this \$100 land—in bushels?

Mr. HOLLAND. We call it barrels in our country.

Mr. CLARK. We call it barrels, too. We are getting somewhat Yankeeized out there.

Mr. HOLLAND. We raise from 2 to 15 barrels on our choice land.

Mr. CLARK. Fifteen barrels. That would be 75 bushels.

Mr. HOLLAND. One acre in 500 gives that.

Mr. CLARK. The average corn crop in the United States, even in the corn belt, one year with another, will not run 40 bushels to the acre, will it?

Mr. HOLLAND. I would not think so.

Mr. CLARK. It would not run over 30 bushels.

Mr. HOLLAND. That is only a few acres of highly improved land.

Mr. CLARK. On the \$20 land, how much corn would you produce?

Mr. HOLLAND. Two barrels, or a barrel and a half—7½ bushels to 10 bushels.

Mr. CLARK. Well, some men do not understand the barrels—

Mr. HOLLAND. Seven and one-half to 10 bushels.

Mr. CLARK. Corn in Virginia is worth \$1 a bushel, is it not?

Mr. HOLLAND. One dollar—it is worth 75 cents with us. It has been \$1.

Mr. CLARK. The peanut crop is more profitable than the corn crop, is it?

Mr. HOLLAND. No, sir; in this way—I have been trying to explain why we must raise them. Half of them are grown by tenants and very poor people.

Mr. COCKRAN. By whom?

Mr. HOLLAND. By tenants and poor landowners.

Mr. COCKRAN. Persons who do not own the land?

Mr. HOLLAND. Yes, sir; tenants and poor persons; and they secure credit at the stores based on the number of acres of the peanut crop or cotton crop. It is not based on the corn crop.

Mr. CLARK. You want this tariff raised, as these gentlemen have figured it out, 400 per cent?

Mr. HOLLAND. Yes.

Mr. CLARK. I want to ask you a question which may seem to you to be impertinent. Did you ever play poker?

Mr. HOLLAND. I never did.

Mr. CLARK. Then you would not understand the technical language?

Mr. HOLLAND. I never played a game of poker in my life, but I think I would understand it.

Mr. CLARK. You are "raising" all of these northern gentlemen's protective tariff.

Mr. HILL. Do you know the freight on peanuts shipped to San Francisco?

Mr. HOLLAND. Yes; I will come to that. Sixteen cents a bag, I am told.

Mr. HILL. What is that?

Mr. HOLLAND. A bag of 100 pounds.

Mr. HILL. That would be \$32 a ton.

Mr. HOLLAND. Yes, sir. By the sack the peanuts weigh about 100 pounds. I will explain why it is so very cheap—

Mr. COCKRAN. Before you go to that question I would like to ask you a question that is suggested by Mr. Clark. Do I understand you to say that this culture of peanuts results in impoverishing the soil?

Mr. HOLLAND. Very much.

Mr. COCKRAN. It is a wasteful crop to raise?

Mr. HOLLAND. Very.

Mr. COCKRAN. Why do you want to do it, then?

Mr. HOLLAND. Because we are growing peanuts, and we do not know how to grow the other thing. That may sound foolish to you, but it is done the world over.

Mr. COCKRAN. And therefore you want the tariff for the purpose of perpetuating ignorance and incapacity?

Mr. HOLLAND. No, sir.

Mr. COCKRAN. Well, I want you to make that clear.

Mr. HOLLAND. Well, your questions inveigle me, and I perhaps do not make myself clear. The chairman has said, I think—I do not remember the figures—that there was an abnormal importation in 1907, and I want to explain that, I think it will meet your point.

Mr. COCKRAN. What I want to get at is this—it is suggested by the question which Mr. Dalzell put to your predecessor: This committee is engaged in taking testimony with a view to framing a tariff, and you, I understand, have come around to protection by a system of enlightenment due to experience.

Mr. HOLLAND. In part only.

Mr. COCKRAN. Well, that is your position. From a protectionist point of view, do you claim that by increasing this duty for any given time peanuts will become so abundant that you will be able to get rid of the duty? Is there any outlet to this proposal of yours?

Mr. HOLLAND. I want to answer in my own way—

Mr. COCKRAN. All right.

Mr. HOLLAND. This abnormal importation of peanuts was due in 1905 and 1906 to the fact that we had, very largely, a crop failure. We had a storm that came before the peanuts were harvested, after taking them and putting them in sacks out of the ground.

Mr. COCKRAN. What year was that?

Mr. HOLLAND. 1905 and 1906. We had a very wet year and great damage, and the price of peanuts went up. Our farmers got 4 and 4½ cents for the peanuts in the rough, with the stem, and in dirty condition. As soon as they went up Japan began to send them in, and that was about the first time we had ever had any trouble with them. They found this market, and that is the main reason I want you to give us this tariff. When we make a short crop Japan is looking for

the highest market of the world, naturally. Those peanuts came into this country on account of the fact that our price had been elevated on account of a storm that was peculiar to our section of the country and peculiar to that crop.

Mr. COCKRAN. What was the net result to you with the increased price of what you secured? Did it leave you in a more prosperous condition than you were in before?

Mr. HOLLAND. We failed to secure for the partial crop what we would have secured with a large crop, even at the low prices. We were the sufferers, and these mortgages are being foreclosed as a result of that.

Mr. COCKRAN. Will the levying of this tariff so improve the general peanut industry that after a while we can dispense with the tariff and trust to the prosperity which, according to your notion, it will have created?

Mr. HOLLAND. I do not believe we can dispense with it, sir.

Mr. COCKRAN. Then, according to you, the tariff is something that can never be remitted, and you will go on increasing rather than diminishing the amount you need?

Mr. HOLLAND. I would like to answer that by saying that the Japs can put a pound of peanuts into San Francisco for 16½ cents for a bag of 100 pounds. It costs us \$1.30 from Norfolk to San Francisco.

Mr. COCKRAN. And it impoverishes your land?

Mr. HOLLAND. They can pay the freight and the duty now of half a cent, and sell them, and sell cheaper than we can, a pound. I do not see what connection that has with impoverishing the land.

Mr. COCKRAN. Your contention is that by getting the tariff up sufficiently high you can continue employing your land in the production of peanuts, and thus impoverishing it.

Mr. HOLLAND. We would get the same price for the peanuts.

Mr. COCKRAN. Would you not continue to cultivate the peanuts, which, as you say, impoverishes your land?

Mr. HOLLAND. It impoverishes the land. It does not kill the land. The word "impoverish" means if something is not carried back, with fertilizer or with clover, if we can raise it, or something to fill that part of the ingredients of the soil that is taken away by the peanut.

Mr. COCKRAN. And you want a tariff, so as to relieve the peanut producer from the necessity of fertilizing his soil and keeping it up?

Mr. HOLLAND. No, sir; I want to enable him to fertilize it.

Mr. COCKRAN. For the purpose of cultivating peanuts?

Mr. HOLLAND. For the purpose of cultivating peanuts.

Mr. COCKRAN. Yes; and that impoverishes the soil.

Mr. HOLLAND. I want to say to you, just in a brief way, this, if you will pardon me. The only redeeming thing about the peanuts at all is—and I can congratulate the peanut people on this—

The CHAIRMAN. Your time has expired several times over.

Mr. COCKRAN. He was just about to congratulate the peanut people. I think he ought to finish it.

Mr. CLARK. Yes; we interrupted him.

Mr. COCKRAN. He is just about to congratulate the peanut people, and we have not his grounds for it yet. I do not think it would be right to shut him off now.

Mr. HOLLAND. I was saying that on these peanut lands we grow the Smithfield ham, and we get some return for the impoverished land and for the short price of peanuts out of the Smithfield ham.

Mr. CLARK. You get a better price for the Smithfield ham than any other ham in the world sells for?

Mr. HOLLAND. That is because it is the best ham.

Mr. CLARK. I think so, too. If you could make Smithfield ham out of the big Missouri hogs, you could make an independent fortune.

Mr. HOLLAND. I will only take one more minute. These peanuts we have been talking about are sold in the markets here practically at from 20 to 30 cents a pound. These pecans and almonds that you have been talking about are sold for the same price and less. In the tariff book they appear at from 4 to 6 and 7 cents a pound, and they all retail for precisely the same thing. In fact, the peanuts are sold and retail at a higher price than the pecans and almonds, or walnuts, either.

Mr. CLARK. You get 3 cents for your peanuts, and those of us who eat peanuts pay 25 cents a pound for them.

Mr. HOLLAND. Yes.

Mr. CLARK. Who gets the difference between 3 cents a pound and 25 cents?

Mr. HOLLAND. I could not tell you, to save my life. I know the grower does not get it.

Mr. CLARK. Somebody is getting an enormous rake off.

Mr. HOLLAND. Is not that true of all industries and businesses?

Mr. CLARK. Oh, no. The price of bread, compared with the price of the wheat, is very reasonable. If they charged for the bread at the same rate as compared with the profit on the wheat as the difference to the retail eater of peanuts, a loaf of bread would cost 15 or 20 cents, instead of 5 cents.

Mr. HOLLAND. The point about the price of peanuts is that it would not increase the price to the consumer a penny. He would not buy one peanut less for a nickel on that account if the farmers had 5 cents a pound that he does when he gets 3. If there was any way to guarantee that, I certainly would like to have it predicated upon that statement, that the consumer would never pay a penny more for his peanuts if we had a tariff of 2 and 3 cents a pound.

Mr. COCKRAN. Is it your idea that this great fund will come from nowhere? It must come from somewhere.

Mr. HOLLAND. It comes from the Government extending its hand and helping its citizens, as it has done from time immemorial.

Mr. COCKRAN. Where does the Government get the thing that is in its hand, to give to the citizens?

Mr. HOLLAND. I do not know whether it comes from the Constitution or where—

Mr. COCKRAN. I am not talking about that. Where do you get the profit, if it does not come from somebody?

Mr. HOLLAND. I can not tell you, except by illustration. This gentleman was talking about 6 per cent being imported into this country. There is a very small amount of pig iron imported into the country, yet it bears an enormous tariff.

Mr. COCKRAN. So I understand, and we are trying to get rid of it.

Mr. HOLLAND. You are?

Mr. COCKRAN. Yes; we have hopes in that direction.

Mr. HOLLAND. That gentleman—

Mr. COCKRAN. He has hopes, also.

Mr. UNDERWOOD. Yes; I have hopes also.

Mr. FORDNEY. While they are trying to get rid of it, they are praying every night that we save them.

Mr. COCKRAN. Oh, no; Mr. Fordney is a poor authority on prayer. [Laughter.]

Mr. HOLLAND. I want to say to you, gentlemen, in conclusion, on the question raised about Mr. Maynard voting for the bill, that I think he will vote for it in its entirety, and I should encourage him, as one of his constituents, to do so, because I am satisfied that it is going to become a law now as drawn; and if there is any possible way in which he could help his people we could be helped by the tariff, and I think we should have it as a whole.

Mr. MAYNARD. A question was raised by a member of the committee, and I would like to answer it.

The CHAIRMAN. Well, you are here all the time, and you can answer it later.

**HON. JOHN H. SMALL, REPRESENTATIVE FROM NORTH CAROLINA,
THINKS AN INCREASE IN THE DUTY OF PEANUTS JUSTIFIABLE
FROM A PROTECTIVE STANDPOINT.**

THURSDAY, *December 17, 1908.*

Mr. SMALL. Mr. Chairman, the main reason for my appearing before you is because I have received a number of letters from my constituents asking me to say something in their behalf. North Carolina is the main producing State of peanuts, and I may say for the majority of the producers that they have conceived the idea that there ought to be an increased tariff duty. My personal impression is that that idea has been disseminated by the dealers in peanuts, and that in large degree the price of peanuts to the producer has been depressed by an unlawful combination among them; but I want to say a word with reference to the views of my constituents that the tariff ought to be increased, and in doing that I am addressing my remarks to the majority who will frame this bill, and not to the minority.

This bill will be framed by those who believe in protection, and if these people are entitled under the facts to protection, then equality of benefit would entitle them to whatever was coming to them. Now, are they entitled to any increase of the tariff duty? The tariff under the Wilson bill was 20 per cent ad valorem. That is a higher tariff than this bill. The tariff under the McKinley act was 1 cent per pound on unshelled peanuts, 100 per cent greater than the present tariff; 1½ per cent on shelled peanuts, or 50 per cent greater than the present tariff. The tariff under the act of 1864 was the same as the McKinley tariff act. The former tariff act, which is the one next preceding, unless I overlooked some act, was that of August 5, 1861, which was a tariff of 2 cents per pound.

I submit that there has been, and, if this tariff bill is to be framed upon the theory of protection and if the producers and agriculturists are to have their share of whatever protection is afforded under this

act, there is no distinction between 1908 and 1890, affording a reason for a reduction of the tariff as compared with this act. What should be the amount of the increase? My constituents think, as represented by these gentlemen who have spoken to-day, that 2 and 3 cents per pound would be a fair tariff; but whether that is right or not, I submit to the committee that at least a reproduction of the rate in the tariff act of 1890 would not be excessive and would be entirely justifiable.

I confess that I do not understand the correctness of the figures which show that only \$600,000 worth of peanuts was imported in 1907, which is 6 per cent of the production in the United States; and if those figures are true, then the conception of the dealers and the producers in Virginia and North Carolina, being the section with which I am most familiar, is erroneous. It may be well said that in framing a bill for revenue where only 6 per cent is imported, a higher tariff, as was suggested by one of the minority members of this committee, might be prohibitory, but this bill, as I have said, is going to be framed upon protective lines, and I submit that they are entitled to an increase, to the very least degree, by the restoration of the tariff as provided in the McKinley bill of 1 cent for unshelled and $1\frac{1}{2}$ cents for shelled per pound. I desire to say that much, because I think it can be justified.

Mr. UNDERWOOD. Will you allow me to ask you a question?

Mr. SMALL. Certainly.

Mr. UNDERWOOD. Sugar is an agricultural product. It comes into this country on a duty somewhat higher than the peanut duty. This present duty only allows 6 per cent of peanuts to come into this country. That is all that comes. Do you think we would be justified in raising the duty on sugar to a point where only 6 per cent of the whole foreign product could come into this country to balance the American market?

Mr. SMALL. I do not know that any arbitrary rule can be laid down regarding that.

Mr. UNDERWOOD. Take the products of iron and steel. Do you think we would be justified in fixing a tariff that would only allow 6 per cent of the products of iron and steel to come into this country to balance the market?

Mr. SMALL. This, in my own mind, is a sufficient answer to that question: It is apparent from the tenor of the questions that have been propounded to the witnesses and from the remarks of the members of the committee that in the view of some members of the committee the growers of peanuts can not be benefited by any tariff, and I take it it is a fair inference that the contention which is made by many people that the farmers, in the main, are not benefited by a protective tariff, and that they are the consumers, and bear largely the burdens of such a tariff, that they derive very little benefit from it, and I would not put the farmer in the same category with the manufacturer of iron and steel products or the manufacturer of other products. I would give him the benefit of any reasonable doubt. But these growers have been led to believe, and they are honest in their position, that they will be benefited and the price of their product will be enhanced by an increase of this duty, and if that is so, they are entitled to have the benefit of it, and no fine point ought to be taken as against them.

Mr. UNDERWOOD. There is no issue between us on that proposition. I think all the committees have been liberal with the agricultural products of the country. Here is the question staring this committee in the face with the evidence that has been brought before us in the past, if we concede what you want, it means a prohibitive duty. Do you stand for a prohibitive duty on all agricultural products?

Mr. SMALL. In answer to the gentleman from Alabama, if you were going to frame this tariff bill I would undertake to argue this question with you, and whether we would be very far apart in the end is problematical. But you will have very little to do in the framing of this tariff bill. The tariff bill is going to be framed by the majority of the committee, and I am appealing to the majority of the committee and asking them to do the fair thing in distributing what they say are the benefits of protection.

The CHAIRMAN. The majority of the committee do not understand your kind of protection.

Mr. UNDERWOOD. I want to call to my friend's attention the fact that I have to vote on the proposition, and when I come to vote I want to vote intelligently on it.

Mr. SMALL. And I am asking you to give the benefit of the doubt to the growers of peanuts. I do not understand the chairman.

Mr. FORDNEY. It is your opinion that anything that we consume which can be produced in this country the American people would be benefited by having it all produced here by Americans; is that right? For instance, let me go further. The 6 per cent of the peanuts consumed in this country tend to balance or regulate the price at times, especially when there is a large crop?

Mr. SMALL. To that extent it tends to increase the supply, and necessarily decreases the price.

Mr. FORDNEY. And your idea is that the consumer would not be materially injured by the American producers monopolizing the entire market?

Mr. SMALL. It would be a mere bagatelle, not worth consideration.

Mr. FORDNEY. And, therefore, it would aid American production to have the tariff so high that it would be prohibitive; the consumer would not be injured in that case; is that not right?

Mr. SMALL. I concede that in this case; I think that would be true.

Mr. RANDELL. I understand that from the standpoint of a protectionist you think that under the doctrine of protection, as understood by the majority of the committee, if it is right to build up an industry, for example, the manufacture of ivory balls in this country, built up exclusively under the tariff, it would be better, or at least just as well, to extend that to encouraging the peanut industry, just on the tariff?

Mr. SMALL. If the gentleman would pardon me, I would prefer not to engage in any academic discussion of this matter. I am simply putting the question that we are going to have a protective tariff bill, and I am asking that the peanut growers get such benefits from it as they ask.

Mr. HILL. In case we have a protective tariff bill and peanuts are in it, does the gentleman from North Carolina expect to vote for the bill? He makes that the ground of his claim.

Mr. SMALL. If the gentleman thinks that is entirely appropriate in the line of my argument—

Mr. HILL. I did not until you made the argument just now that we were going to have it, and therefore you would like to have protection.

Mr. SMALL. Does not the gentleman think, in the framing of a protective tariff bill, that peanut growers should have their share of protection to put them on an equality with others?

Mr. HILL. If they can prove the necessity for it by a difference in the cost of production abroad and the cost of production at home; that is shown largely, is it not, by the production here and by the comparative importations and exportations?

Mr. SMALL. I admit the truth of that proposition.

Mr. HILL. And I am going to vote for the bill when it is framed, made up under those conditions; are you?

Mr. SMALL. I prefer not to answer that now. I am simply talking for peanuts, and asking the committee what is fair as to the peanut industry.

**STATEMENT OF HON. HARRY L. MAYNARD, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF VIRGINIA, WHO ASKS A PRO-
TECTIVE DUTY ON PEANUTS.**

THURSDAY, *December 17, 1908.*

Mr. MAYNARD. Mr. Chairman, I did not expect to say a word on this subject. We have had a great many people here who did not have an opportunity of testifying.

The CHAIRMAN. How many have you got?

Mr. MAYNARD. Let me finish my statement.

The CHAIRMAN. We are sitting here to hear them.

Mr. MAYNARD. A great many of them had to leave to catch their train.

The CHAIRMAN. We have given you this time outside of our regular order, and after we closed our hearings you came here and called three men for an hour, and we have heard those three men for an hour and a half. Now, you say you have more witnesses. We will hear them all, and not give you gentlemen a chance to go home to your constituents and say you could not get a hearing. We will hear them.

Mr. MAYNARD. A great many of those gentlemen had to catch a train. I did not expect to say anything at all, but there were some questions put here that if the same questions were put to me I would like to give my views. One gentleman asked a witness what would be my position on a tariff bill when it was framed. I hope Mr. Hill will put the same question to me. I want to say here that I favor an increase in the duties on peanuts. As to the tariff bill, I have not a vote on the framing of the tariff bill, but after it is framed, and I know what is in it, then I will decide whether I am going to vote for it in its entirety or not. I never agree to vote for anything until I know what I am voting for, but if we do get an increased protection for peanuts I will vote for that part of it.

Now, Mr. Cockran—I do not want to get into a colloquy with Mr. Cockran, especially because he wields such a trenchant blade in debate that it is dangerous, but he asked a witness here if we did not desire to have something given the farmers out of nothing.

Mr. COCKRAN. That is the impression given. Let me state to you. A witness stated that this protection that he asked would greatly increase the price of the article, and nobody, apparently, would pay for it. Then I wanted to know where it came from. Did it descend like the manna from heaven to the children of Israel, or where did they get it? I do not know of anything in this world that has not got a source.

Mr. MAYNARD. I do not know that I can answer that satisfactorily, but I would suggest, in my own opinion, where it would come from. The peanuts are sold by the farmers to the cleaners, and the cleaners, after manufacturing, as far as their manufacture goes, cleaning and putting them in shape for the market, sell them to the people, who retail them at a slightly increased cost, and the man who retails them pays not over 5 cents a pound for them, and retails them to you and me for from 20 to 30 cents a pound. If we put an increased tariff on peanuts which, on the pound, seems large, as Mr. Dalzell stated, from three to four hundred per cent ad valorem it is very small, and the increase of cost to the man who has a peanut roaster on the street and sells those peanuts by the package or by the measure to us will not increase them a penny to the purchaser, because the margin of profit is extremely large to him now. If some of the profit he now gets should go to the farmer there would not be this cry that we are not making a good profit out of the business.

Mr. COCKRAN. Then your argument is against the man who sells those peanuts on the street? I never knew what a desperado he was before.

Mr. RANDELL. Your statement was that it was three or four hundred per cent ad valorem, and it is only about 40 per cent ad valorem, but that is 300 per cent increase on the present rate.

Mr. MAYNARD. I said that Mr. Dalzell called attention to the fact that it was an increase of the tariff from three to four hundred per cent on the pound. I said ad valorem; it was very small.

Mr. CLARK. These fellows who retail these peanuts would simply reduce the size of the package for a nickel, like the beer men did for the size of the glass when they put that higher tax on during the Spanish-American war.

Mr. MAYNARD. I do not drink beer and I do not know about that.

Mr. CLARK. I do not drink beer much, either. If I was going to drink at all I would drink whisky. But, as a matter of fact, a great many beer retailers did reduce the size of the glass, and I remember seeing signs in front of certain saloons that they had not reduced the size of the glass.

Mr. MAYNARD. Again I must plead ignorance. I do not go into saloons, and I did not see the signs.

Mr. CLARK. Somebody gets the rake-off between 3 cents and 25 cents, and you say that the peanut roaster gets it all?

Mr. MAYNARD. I do not say that he gets that all, but I say the difference between 3 cents and the 25 or 30 cents is a large difference, and if the farmer got a part of that there would not be any wrong done.

Mr. CLARK. Is not the peanut crop the most valuable crop that the people down in the neighborhood where these gentlemen came from raise?

Mr. MAYNARD. Gentlemen from that neighborhood have testified that it was one of the most valuable money crops. There are some crops farmers raise to feed their stock, but they all have a crop that they call a money crop, that they get cash out of, and peanuts is what they call in that section their money crop.

Mr. CLARK. In the last ten or fifteen years the American people have awakened to the fact of the very great food value of peanuts, and there is now a very great use of peanuts as a food product.

Mr. MAYNARD. If it was not for that fact, with the increase of production of peanuts in Japan and Spain, they would not be able to produce peanuts in this country at all. The peanut industry in Japan is a new thing. They have sent over and got the seed of what we call the Virginia nuts, and they have fertile lands, and they produce on a piece of ground a great many peanuts, and they are producing a great many peanuts, and they are going to find a market for them on the Pacific slope; and you asked the question, as I understood it, that with 6 per cent—and that seems to be a figure fixed by the committee—

Mr. CLARK. No; it is fixed by the government statistics.

Mr. MAYNARD. Of one year.

The CHAIRMAN. That was the most favorable to you of any year.

Mr. MAYNARD. That being true, that the people west of the Mississippi River only use 6 per cent—

The CHAIRMAN. That is not true.

Mr. MAYNARD. I did not think so. If you will say it for me—

The CHAIRMAN. The statistics are right, but your guess is wrong; that is the difference.

Mr. MAYNARD. I was not guessing; I was going to tell you why that seemed so.

Mr. CLARK. Here was the fact about that, that nine-tenths of the St. Louis trade, maybe not that much, but three-fourths at least, is west of the Mississippi River, and if he ships his peanuts to St. Louis, he ships them clear to El Paso, Tex., clear out as far as the towns on the coast, and therefore he was incorrect in his statement that he is shut out of the territory west of the Mississippi River. St. Louis sells from away up in Iowa clear down to the Gulf.

Mr. MAYNARD. And St. Louis is buying the peanuts at about 3 to 3½ cents a pound, when they ought to pay, for the man who raises peanuts to make anything on his crop, at least 4 cents a pound.

The CHAIRMAN. Do you want to take that out of the poor Italian who stands on the street corner and peddles them and who roasts them, and all that sort of thing, no one of whom ever got rich out of it?

Mr. MAYNARD. A good many of them go back to Italy all the same. I am not seeking to take it out of any special man, or any special class, but there should be a fair division of things in this country.

The CHAIRMAN. On the other hand, they have helped to popularize the goods. They are out there without paying any rent, they are in all sorts of weather, they are roasting your peanuts and selling them and making a market for them. People buy one hundred bags where they would not buy one before, because they are put right under their noses. You want to cut down the profits of those men who are increasing yours.

Mr. MAYNARD. The chairman of this committee, in commiserating the poor Italians standing on the corner, evidently never worked on a farm.

The CHAIRMAN. You say I never worked on a farm?

Mr. MAYNARD. Evidently; from the fact that you are commiserating with the poor Italian roasting peanuts on the corner. The farmers have some hardships under which they labor.

Mr. CLARK. Here this abnormal condition is presented, just as these Republicans on this Ways and Means Committee are gradually coming to the idea of revising the tariff down, you people come in here and not only take them back where they were before, but lift them clear out of their boots. [Laughter.]

Mr. MAYNARD. Mr. Clark; if I believed for one minute that the members of this committee were going to put down the price of rakes and plows and reaping machines and other things that are necessary in an agricultural business and those things that the farmers need in producing their crops; so that the farmers, with the present rate of tariff, could buy what they need to produce at 25 to 50 per cent less than they have, it would mean that much additional profit to the man who produces the peanut under the condition of affairs that exist now; but you do not believe it and I do not believe it, and they do not pretend it.

The CHAIRMAN. The tariff on agricultural implements is 20 per cent. I understand if we should put them on the free list and leave peanuts where they are now, you would still vote for the bill?

Mr. MAYNARD. After I see the bill I will see whether I am going to vote for it or not. If there is any gentleman who has any question to ask me, I will do my best to answer it.

The CHAIRMAN. Was the peanut question the issue in your last campaign?

Mr. MAYNARD. I have been a candidate down there five times. Sometimes it has been and sometimes it has not been, but whether it is or not, I am going to try to do the best I can to represent the interests of the people down there.

The CHAIRMAN. Do you always range yourself on the side of the peanut?

Mr. MAYNARD. I try to represent the interests of the people who elect me, whether the peanut is an issue or not. It has never been an issue, so that it has not affected the election one way or the other, but that is not the reason I stand here.

The CHAIRMAN. If they are for peanuts, you are?

Mr. MAYNARD. No, sir; that is not the situation at all. I said there was nothing that occurred in this election or any other election.

The CHAIRMAN. I know; but if they are for a tariff on peanuts, you are?

Mr. MAYNARD. I am here to represent the people.

The CHAIRMAN. Yes, you represent them; but that does not mean much unless you are for a tariff on peanuts.

Mr. MAYNARD. It means a good deal. All the people I represent do not produce peanuts.

The CHAIRMAN. And many of them do not believe in a tariff on peanuts?

Mr. MAYNARD. I did not say that.

The CHAIRMAN. Is that not true?

Mr. MAYNARD. I have to take my responsibility with my people, if I stand for something that they do not approve.

The CHAIRMAN. You do not want to answer that question. I thought you were going to answer what questions you could. Now, can you not answer it?

Mr. MAYNARD. Yes; I can. I can say that if a majority of the people do not approve it I do not know it.

The CHAIRMAN. You do not know whether they do or not?

Mr. MAYNARD. I say if they have any adverse position I do not know it.

The CHAIRMAN. Was your opponent for a duty on peanuts?

Mr. MAYNARD. My opponent was a Republican, and he generally wants to put as big a duty on everything as he can.

The CHAIRMAN. Did he advocate an increase in the duty on peanuts?

Mr. MAYNARD. My opponent was a Republican—

The CHAIRMAN. Did he not advocate it before the people?

Mr. MAYNARD. He advocated a duty on everything.

The CHAIRMAN. Did he advocate an increased duty on peanuts?

Mr. MAYNARD. He did, and on everything else.

The CHAIRMAN. Did you oppose it?

Mr. MAYNARD. If I had I would not be here asking you for what I am to-day.

The CHAIRMAN. You made the people believe you were for a tariff on peanuts?

Mr. MAYNARD. I did not deceive them when I stand and tell you that I advocate what I am advocating.

The CHAIRMAN. Then you can answer my question. You made your people think you were for a tariff on peanuts?

Mr. MAYNARD. I did not make them believe anything, I stated the facts.

The CHAIRMAN. Did you tell them you were for a tariff on peanuts?

Mr. MAYNARD. I tell you to-day that I am. [Laughter.]

The CHAIRMAN. Did you tell them so?

Mr. MAYNARD. I tell you that I am.

The CHAIRMAN. Did you tell them so?

Mr. MAYNARD. I tell you that I am.

The CHAIRMAN. Do you not want to answer that question? You volunteered to answer any question. I do not want to ask you any question that may embarrass you.

Mr. MAYNARD. I do not know that I ever did tell them so.

The CHAIRMAN. I wanted to see whether the people in your district were unanimously for an increase of tariff on peanuts.

Mr. MAYNARD. I do not think the people in any district are unanimous for anything. They gave me a very substantial majority, and I am here to represent them.

The CHAIRMAN. They knew your views; have your views changed on peanuts since a month before the election?

Mr. MAYNARD. My views have not changed on peanuts since several months before the election, before I had a Republican opponent.

The CHAIRMAN. Now we are around where we can understand you. As I understand, no tariff is too good or too high for agricultural products in your district?

Mr. MAYNARD. I did not say that.

The CHAIRMAN. I know, but is that not the way to put it?

Mr. MAYNARD. No; that is not the way to put it.

The CHAIRMAN. Why did you advocate, then, an increase of 400 per cent on peanuts, when the market now all belongs to the United States and the growers of the United States have it all?

Mr. MAYNARD. The market does not all belong to them. The production of peanuts in the United States has not increased much of late years, and will not increase much because the area that produces them is limited in amount.

The CHAIRMAN. How are they producing all the peanuts that are used in the United States if the amount has not increased?

Mr. MAYNARD. The amount of peanuts imported is enough to break down the market.

The CHAIRMAN. No; what is imported is not enough to break down the market.

Mr. MAYNARD. That is simply an opinion.

The CHAIRMAN. You have not studied statistics; that is the trouble with you. If you had looked that up, I do not think you would have taken that attitude for such an increase of duty on peanuts. I would commend these publications to you, you can get them from the committee, and I think you will reverse yourself.

Mr. MAYNARD. I shall study the statistics with a view of expressing my views hereafter, not with a view of changing my mind.

Mr. HILL. From what other country is the competition besides Japan?

Mr. MAYNARD. France and Spain.

Mr. HILL. Do you know what the total production of Japan is?

Mr. MAYNARD. No, sir; I do not. I have not the figures.

Mr. HILL. Are you aware of the fact that they are entirely produced by irrigation?

Mr. MAYNARD. I do not know just exactly how they are produced, but I know the industry is growing.

Mr. HILL. You have no knowledge, then, as to the comparative cost of the production with your people and with your main competitor, Japan?

Mr. MAYNARD. No, sir; I have not the figures, and I did not intend to be heard at all, but some of the questions asked by both sides of the committee caused me to get up and say what I did.

STATEMENT OF J. D. MARTIN, REPRESENTING MARTIN & SONS, PETERSBURG, VA., RELATIVE TO THE PEANUT INDUSTRY.

THURSDAY, *December 17, 1908.*

Mr. MARTIN. I simply wanted to take the matter up from the standpoint of what the actual cost of raising these peanuts is in the United States. To-day the market is about 90 cents a bushel for Spanish nuts. Our dealings are entirely on Spanish, the small nuts, that are all cleaned, and the kernel sold to the candy trade and the roasters and the people who put up assorted peanuts, and such stuff as that. It does not apply to the Virginia nuts at all. The market

is to-day a little above 90 cents, on a basis of about 3 cents a pound for the nuts in the shell just as they stand. I have been for twelve years a solicitor out through the country, and occasionally buying and selling on commission for the farmers. I handle only the nuts as they come direct from the farmer. I handle no finished product as it comes out of the mills. My experience, as near as I can figure the cost of raising the peanut, is just this: It costs about seven or eight days' labor, certainly, on an acre of peanuts, and figuring the labor at \$1 a day, that is \$7. The cost of the seed that you will have to put in that acre will be, possibly, \$1.60. The cost of the guano that the average farmer puts on an acre of peanuts will be about \$4 or \$4.50. That peanut has to be dug, then; it has to be packed up, piled up in the field, staying there possibly three weeks to dry. In that digging and sacking and curing (what we call curing the nut), I should say it costs at least \$1 an acre in labor more. Those peanuts have to be run through a thrasher, just as wheat has, and has to be thrashed off. The usual charge is 30 cents a bag; that would figure out about \$1 an acre that the cost of thrashing that peanut is. Now, you have to furnish a bag to put those peanuts in; and figuring that the average yield, and I believe that is all any yield will be in Virginia, is about 20 bushels to the acre, figuring it that way, it will take 60 cents worth of bags to put the peanuts in. That peanut stands him in about \$16.

Mr. HILL. That should be \$15.70.

Mr. MARTIN. You must have left something out.

Mr. HILL. Labor, \$7?

Mr. MARTIN. Yes.

Mr. HILL. Seed, \$1.60?

Mr. MARTIN. Yes.

Mr. HILL. Guano, \$4.50?

Mr. MARTIN. Yes.

Mr. HILL. Digging and sacking, \$1.

Mr. MARTIN. Yes.

Mr. HILL. Thrashing, \$1?

Mr. MARTIN. Yes.

Mr. HILL. Bags, 60 cents?

Mr. MARTIN. Yes. Those peanuts are out in the country on his farm; they are not yet to the market. The freight rate will possibly run 25 cents a hundred pounds. In other words, the cost will be a quarter of a cent a pound in addition to the cost you have put there, if he gets a yield of 20 bushels to the acre.

Mr. HILL. The yield has been said to be 28 to 30 bushels.

Mr. MARTIN. The average peanut does run this. This is a nut that is not sold on its looks, but on the demand for that particular kind of a nut.

Mr. HILL. That makes 78.5 cents a bushel, and a gentleman has just testified that they are worth 90.

Mr. MARTIN. I think that is the cost in the country; he has not put those peanuts to market.

Mr. HILL. The market is a variable item?

Mr. MARTIN. The freight rates are not so variable. These are away out from the market. You understand, you have only three markets to put them to—Petersburg, Suffolk, or Norfolk—and the freight rate is virtually the same thing.

Mr. HILL. What is that?

Mr. MARTIN. It would average between 20 and 25 cents a hundred pounds.

Mr. HILL. And there are 3 bushels to a hundred?

Mr. MARTIN. Three and a half.

Mr. HILL. You say 25 cents. That would make about 86 cents?

Mr. MARTIN. At the present price of 85 to 90 cents a bushel he is getting for his peanuts I can not figure out where he is coming out even. You figure nothing for his horse or feed for his horse or any of those expenses. I own a little farm, but it is true I do not raise peanuts there to any extent.

The CHAIRMAN. What are they worth a bushel on this market in this country?

Mr. MARTIN. At Washington, do you mean, or at Petersburg?

The CHAIRMAN. Where you sell yours.

Mr. MARTIN. I sell mine to the cleaner right there in the cities. They are worth about $3\frac{1}{4}$ cents there.

The CHAIRMAN. That is for this year. What were they worth last year?

Mr. MARTIN. They would hardly average that. The bulk crops sold at 80 cents a bushel.

The CHAIRMAN. Last year?

Mr. MARTIN. Yes, sir; out of the farmers' hands.

The CHAIRMAN. What did they sell for the year before?

Mr. MARTIN. I should say the bulk of it sold in the neighborhood of \$1, from \$1 to \$1.10.

The CHAIRMAN. What about the year before that?

Mr. MARTIN. The year before that possibly 60 to 75, or up to 80 cents. I do not know exactly what the bulk of it would be. I have not had a chance to figure back on my books.

The CHAIRMAN. You did not have to go to the poorhouse any year when it sold at from 60 to 80 cents?

Mr. MARTIN. It does not matter to me what they sell for. I am simply giving what it means to the farmer. I get my commission whether it sells for \$1 a bushel or \$1.50 a bushel.

The CHAIRMAN. You do not raise peanuts?

Mr. MARTIN. I raise them on a little farm out there, but I travel and solicit for them. I know that to-day the Spanish peanut market is not better for the simple reason that it has a short crop and poor crop, whereas the yield for Spanish peanuts last year was $18\frac{1}{2}$ pounds, but this year there is not a man in the business giving 16 pounds to the bushel to the market in New York. To-day they are offering shelled nuts there out of Spain and Africa at a cost much below what we can land them from Petersburg into New York for.

The CHAIRMAN. I want to say to you gentlemen who appeared here to-day that if this committee should raise this duty on peanuts we would be in duty bound to raise nearly every duty in the whole tariff act, from the beginning to the end. There is just as much reason for it in any paragraph as there is in this one.

Mr. MARTIN. That is possibly so. Of course, I will not take issue with you on a question of that kind, but I know about what these people are doing, and I know what they are getting, and I know there is certainly no money in it.

The CHAIRMAN. The difficulty is you run up against the statistics of the importations and the amount you raise and the money you get for it, and the fact that you continue in the business.

Mr. MARTIN. I do not see why the fact that I am continuing in the business should affect it—

The CHAIRMAN. I do.

Mr. MARTIN (continuing). Because I am handling peanuts themselves for a commission on every bag of peanuts. There is 5 cents a bag in it to me, whether it costs \$2 a bag or \$7 a bag. I make my commission of 5 cents a bag either for selling it or buying it.

Mr. FORDNEY. It costs just as much to sell a bag of peanuts if they make 40 cents a bag as if they make \$1.10 a bag?

Mr. MARTIN. As far as my part of the business goes, it does not make any difference whether they raise or lower the tariff, because I can handle foreign nuts the same as I can domestic nuts.

Mr. HILL. Is your competition stronger because of the shelled or the unshelled?

Mr. MARTIN. Both of them affect the market, the peanut market. It is hard to explain to any one who is not in the business. It is the most curious business a man has ever got in, and a great deal of the work is done, simply, you might say, by the buyers taking a chance as to what will be the result of some little matter that seems of no moment. Every time any foreign peanuts commence to be offered in the towns of New York, which is one of the largest handlers in the work, or in Boston or Philadelphia or any of those points, it simply demoralizes the market. We sometimes have weeks when you can not sell a peanut at any price to one of these cleaners. The cleaners have a great deal of money invested in the peanut business through the State of Virginia, through Tennessee, and in St. Louis, places of that kind.

E. J. RAIFORD, OF CONLEY, VA., GIVES REASONS WHY THE DUTY SHOULD BE ADVANCED ON PEANUTS.

CONLEY, VA., *December 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN:

* * * * *

There are two special points I want to bring before your committee. The reason we ask for an increase of tariff on peanuts is this: I realize that the number of bushels is not very large that is shipped from other markets, but when the buyer goes to the farmer to buy his nuts he will offer him a small price, and the farmer says he don't want to take such a little; then the buyer says "All right; I will buy foreign nuts;" and with only one-half cent a pound tariff the farmer does not know but what he can, so he sells. I do not think our land is quite as poor as Mr. Lassiter would make you believe, and we can raise other crops on our lands; but our land is naturally adapted to peanuts, and will produce more than in anything else that we can raise. We may be able to live, but the profit is so small our boys are leaving the farms, because there is not much inducement for them to work for such a small profit.

We want to have 2 cents placed on the foreign nuts, so we will be able to get a living profit and induce our boys to stay on the farm and help to develop our lands and build up home industry. I believe the revenue on foreign nuts will be just as much, and our own country will be built up more.

Thanking you for what you have done and are going to do,

Yours, very truly,

E. J. RAIFORD.

HON. G. KÜSTERMANN, M. C., SUBMITS CERTAIN CORRESPONDENCE RELATIVE TO THE PEANUT INDUSTRY.

GREEN BAY, WIS., *December 29, 1908.*

HON. GUSTAV KÜSTERMANN, *City.*

DEAR SIR: I am sending you under separate cover part of Ledger-Dispatch, Norfolk, Va., with a column marked "Argument for tariff on peanuts." I would like to say that the cleaners of peanuts in Virginia have organized a little affair of their own called the "American Peanut Corporation," with the expressed idea of controlling the price on peanuts, so that they can manipulate the market. As to their own dealers, they had nerve enough last year to send us a written letter to that effect, saying that by everyone paying the same price for peanuts and getting the same quality one jobber could not go out and cut the price, as the margin would be too small; in fact, they wanted to corral the trade.

Two years ago they raised the price on peanuts in shell, which they called "No. 1 Virginia," to 7 cents per pound f. o. b. Virginia, and we could buy f. o. b. Green Bay goods that were shipped from Japan for 6½ cents right in our city, and the goods were superior to the Virginia product. After they became wise to the fact that a good many foreign nuts from Japan, mind you, came in via San Francisco, with the overland freight, and could be laid down in Green Bay, Wis., for less than what we could buy them for right in Virginia, they got some common sense and met the price, so we could handle the American nuts again.

Now, I would like to say that the tariff on peanuts will not help the growers. The farmers raise the peanuts, dig them, put them in shocks, same as hay, until they are dry, then they are picked, and the man that does the cleaning and the sorting makes his price according to the quantity and also the quality. If there is a big crop they will buy up all they can get and then advance the price, and when the crop is small they use the same tactics, only stronger.

Now, you can see from this article what a few bags from Denia, Spain, has done. We bought in November peanuts that are called "No. 1 Spanish shelled" for 4½ cents Virginia. When the corporation got, what they thought, the stock pretty well bought up they raised the price to \$5.85 per 100 pounds, a raise of \$1.10 per 100 pounds. Since this carload came in from Spain I have quotations at \$5.65 (see Exhibit A), which is a drop of 20 cents, and should another carload come in no doubt the price will go still further.

Now, is it not evident that the cleaners manipulate the market same as 26 Broadway manipulates the kerosene market? I would respect-

fully ask, should a bill come up in Congress to raise the tariff on peanuts, that you post yourself in the matter, and fight it with the same strength and honesty of purpose that you have shown in your past fights.

Thanking you for whatever courtesy you may see fit to show us when this bill should come up, I beg to remain, sir,

Respectfully,

BRENNER CANDY Co.,
By WM. P. BRENNER.

EXHIBIT A.

NORFOLK, VA., *December 26, 1908.*

DEAR SIR: If you send us an order immediately on receipt of this letter, we think we can furnish you with No. 1 Spanish shelled peanuts at \$5.65 per 100 pounds, net cash, no discount, f. o. b. Suffolk, Va., prompt shipment. It is reasonable to expect prices to be higher early in January.

Yours, very truly,

COLUMBIAN PEANUT COMPANY.

TALLOW.

[Paragraph 279.]

THE CHICAGO ASSOCIATION OF RENDERERS URGES RETENTION OF PRESENT DUTY ON TALLOWES AND GREASES.

CHICAGO, ILL.,
December 22, 1908.

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: It being our understanding that a petition for the removal of the tariff on tallowes and greases has been presented and is now under consideration by your honorable body, we, the Chicago Association of Renderers and allied interests desire to submit to your honorable body the following facts:

1. The removal of said tariff would seriously jeopardize the interests of manufacturers of tallowes and greases, which interests are represented by investments aggregating hundreds of millions of dollars.

2. It is claimed that a removal of the aforesaid tariff will result in a corresponding reduction in the price of soap, but this claim is manifestly an erroneous one, for the reason that under the Wilson tariff law the prices of tallowes and greases were 60 per cent less than their present value, and the prices of soap were but 15 per cent less.

3. The removal of the aforesaid tariff would necessitate a reduction in the price of fat to butchers, who, in turn, would be forced, in order to protect themselves, to institute a corresponding increase in the price of beef.

4. Tallow and grease values are correlative with the values of cotton-seed oil, and any reduction in the prices of tallows and greases would result in a corresponding decrease in the price of cotton-seed oil.

5. In this country the manufacture of tallows and greases exceeds the demand therefor by approximately 30 per cent, which excess is exported annually. A removal of the tariff would encourage the importation of South American and Australian tallows and greases into this market, which already shows an overproduction.

6. Under the Wilson tariff law the wages of employees engaged in the manufacture of tallows and greases were approximately 33 per cent less than at the present time.

7. South American and Australian tallows and greases are manufactured at considerably smaller cost than in America, and a removal of the tariff would force American manufacturers to reduce wages proportionately in order to be on a competitive basis.

In conclusion we petition your honorable body to consider carefully the interests of the manufacturers of tallows and greases, as hereinbefore briefly set forth, and pray that no legislation affecting the tariff as now in force be recommended for the reasons hereinbefore enumerated, which we consider only the more vital and important ones.

Respectfully submitted.

The Chicago Association of Renderers; Edwin J. Mayer, president; C. B. Martin, secretary; The Globe Rendering Co., per E. J. Mayer; Darling & Company, per C. A. Alling; Chicago Hide & Tallow Co., Albert Bjorkland, V. P.; John Fitzpatrick Co., J. J. Prendergast, Mgr.; Hine Bros. Company, W. A. Hine, Pres.; The Jno. Scannell Co., by Jno. Scannell; Joseph Lister; Fitzpatrick Bros., John A. Fitzpatrick, Mgr.; Adler & Oberndorf, per M. Adler; Chicago Reduction Co., per C. Turner.

Telegrams and letters were received from the following, indorsing the appeal of the Chicago Association of Renderers: Schoen Brothers, Atlanta, Ga.; Louisville Butchers' Hide and Tallow Company, Louisville, Ky.; McCoy & Best, Peekskill, N. Y.; American Glue Company, Boston, Mass.; Listers' Agricultural Chemical Works, New York City; Rendering and Fertilizer Company, the J. L. & H. Stadler, the Cuyahoga Rendering and Soap Works, the Retail Butchers' Association, Charles Masek Soap Company, the Bucahn Soap Company, all of Cleveland, Ohio; Millenbach Brothers, Detroit, Mich.; Standard Rendering Company, Kansas City, Mo.; Lewis Hopfenmaier, Washington, D. C.; St. Bernard Rendering and Fertilizer Company, New Orleans, La.; H. M. Stanton, Schenectady, N. Y.; Philadelphia Manufacturers of Inedible Tallow and Grease, E. Butler, jr., chairman.

WOOL GREASE.

[Paragraph 279.]

ZINKEISEN & CO., NEW YORK CITY, SUGGEST A NEW CLASSIFICATION FOR WOOL GREASE AND LANOLIN.

NEW YORK, *December 19, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
Washington, D. C.*

SIR: As to wool grease, permit us to submit a suggestion that paragraph 279 of the present law be amended so that there will be a duty imposed of 25 per cent ad valorem on wool grease, crude or refined, with a proviso that none be assessed with a duty less than one-half cent per pound. At the present time some confusion exists, because lanoline is, in fact, wool grease, and though refined it does not lose its identity as wool grease. It has been claimed that under the present law, paragraph 279, lanolin is clearly subjected to a specific duty of one-half cent per pound. However, the courts have held that lanolin should be classified as a medicinal preparation and assessed for duty accordingly under paragraph 68. This classification, nevertheless, would appear to be confusing lanolin with actual medicinal preparations in the nature of fine chemicals. Lanolin is not in this sense a medicinal preparation, but serves as a base, or vehicle, to carry medicine. Salves made of lanolin, medicated, are applied to the skin, through which application the medicinal ingredient is absorbed into the body through the pores of the skin.

Probably a by far larger industrial significance attaches to the saving of grease washed out of wool in this country as a by-product and making the same available for use technically in tanneries, etc., in place of the foreign wool grease now imported into this country than does attach to the production of lanolin for use in pharmaceutical lines, with its limitations as to quantity consumed.

It would appear to be an open question whether the market for lanolin would be large enough in this country to make it a business proposition to install plants for the refining of the same and to assume the cost of trained technical and chemical supervision necessary to insure a satisfactory line of products which would successfully compete with foreign-made lanolin, even if a duty as high as 5 cents per pound were imposed, instead of as now 25 per cent ad valorem, which is equivalent to about $2\frac{1}{2}$ cents per pound at the present value of lanolin.

Taking it all in all, the question of fixing (except as to minimum) a flat rate of duty on lanolin and the same rate on all other varieties of wool grease, crude or refined, would appear to merit some consideration, to the end that a revision of paragraph 279, if undertaken, embody both changes that will do away with the uncertainties now attaching to the wording of paragraph 279 and embody, as well, protective features in accord with the relative importance of general and special industries concerned.

Respectfully submitted.

ZINKEISEN & Co.

STATEMENT OF CHARLES HEBER CLARK, WHO ASKS A DUTY ON CATGUT AND A NEW CLASSIFICATION FOR WOOL GREASE.

SATURDAY, *November 28, 1908.*

The ACTING CHAIRMAN (Mr. DALZELL). State your place of residence and business, Mr. Clark.

Mr. CLARK. I represent Johnson & Johnson, of New Brunswick, N. J., and the J. Elwood Lee Company, of Conshohocken, Pa., manufacturers of surgical and hospital supplies.

The ACTING CHAIRMAN. On what subject are you going to address the committee?

Mr. CLARK. I am going to read a very short paper of two pages on the question of the readjustment of the two commodities known as "catgut" and "wool grease" in the tariff. That is a violent departure from what we have had during the rest of the day, although they are both animal matters. I suppose we might say that they represent intestines and perspiration, Mr. Chairman. [Laughter.]

The temptation to eloquence on those two themes is very great, but, warned by what you have indicated and what you have been compelled to submit to, instead of making an extemporaneous address I am going to read this paper and drop it. [Reading:]

First. We ask that "catgut, unmanufactured," be taken from free list (par. 517) and put into paragraph 448 (dutiable list) as "catgut for surgical purposes and all other catgut not elsewhere provided for" paying a duty of 25 per cent ad valorem.

Reason: There is no such material as "unmanufactured catgut."

There is no such material in existence as unmanufactured catgut, which is in your tariff; and I am convinced, Mr. Chairman, that the word "unmanufactured" was intended to be "unmedicated," but was transcribed wrongly. There is no such thing as unmanufactured catgut.

The appraisers need clear definition of the purposes of the law, and now they are compelled to guess at it. I have the authority of the appraisers for saying that. We have pulled and hauled before the appraisers on that question.

The manufacture of sterile, safe, and perfectly pure catgut for surgeons has been begun by the houses above named and by other houses, and needs this small protection.

The lives of people subjected to surgical (particularly internal) operations require that there should be an assured supply of sterile catgut ligatures.

That, gentlemen, may seem a very unimportant matter to you; but if you ever are operated on for appendicitis, you will realize that it is a very important matter.

This is the second thing we ask for. [Reading:]

Second. We ask that a specific duty of 5 cents a pound be imposed upon "refined wool grease having a yellow color," as defined and described in the United States Pharmacopœia under the name of *Adeps lanae*.

Reasons: (1) Of the 600,000,000 pounds of wools washed and consumed in the United States every year but a very small fraction has its wool grease saved. The grease is allowed to run off to pollute the rivers.

(2) Meantime, about 14,000,000 pounds of wool grease, crude and refined, is imported from Europe—chiefly from Germany. This is worth at least 4 cents a pound, representing \$560,000, which should be kept at home.

(3) The appraisers, compelled to perceive that the brown crude grease and the refined yellow grease should have different duties, have adopted the practice of classifying the refined yellow grease under "Medicinal preparations," paragraph 68, although some of the refined yellow grease is believed to come in under "wool grease," paragraph 279, at a duty of half a cent a pound. The appraisers are entitled to clear statement respecting this matter.

(4) The above-named houses have begun, after prolonged and costly preparation, the business of refining brown wool grease, and as the starters of a new and highly important industry, they ask for protection from a small tariff duty.

STATEMENT OF FREDERICK L. KRAEMER, OF ELIZABETH, N. J., RELATIVE TO WOOL GREASE AND LANOLIN.

SATURDAY, *November 28, 1908.*

The ACTING CHAIRMAN (Mr. Dalzell). What is your name?

Mr. KRAEMER. Frederick L. Kraemer.

The ACTING CHAIRMAN. And your place of residence?

Mr. KRAEMER. Elizabeth, N. J.

The ACTING CHAIRMAN. Proceed Mr. Kraemer.

Mr. KRAEMER. In behalf of the American refiners of wool grease, a product known as "lanolin," I want to call your attention to the uncertain tariff classification of the tariff act of June, 1897. Paragraph 279 covers wool grease, dutiable at one-half cent a pound. The product known as "refined wool grease," or "adept lanæ," or "lanolin," is not mentioned in this paragraph, a product valued at about 300 per cent more than wool grease.

This article, owing to the fact that it is not specified in the tariff act of 1897, has been assessed under paragraph 3 at 25 per cent, and at a later date under paragraph 68. (Fed. Rep., 734; T. D. 25916; G. A. 5881.)

Paragraph 70 in the tariff act of 1897 specifies skin preparations at 50 per cent ad valorem, which, in our opinion, covers this product equally as specific as the aforesaid paragraph. We believe to make this duty more certain that a paragraph should be inserted in the contemplated tariff covering crude wool grease at 1 cent a pound and refined at 5 cents a pound, so as to give these infant industries an incentive to collect this by-product and refine it, and eliminate the doubtful classifications which have been made.

There are about 14,000,000 pounds of wool grease imported into this country, valued at about \$70,000.

We respectfully recommend this to your consideration.

Mr. UNDERWOOD. What is the present tariff on the general classification?

Mr. KRAEMER. The general classification is, de gras or wool grease, half a cent a pound, under paragraph 279, I believe.

Mr. UNDERWOOD. Paragraph 517, is it not?

Mr. KRAEMER. No; 279.

Mr. BONYNGE. Paragraph 517 is the other subject—the last one he spoke of.

Mr. UNDERWOOD. Importation under the present duty is practically prohibited, is it not?

Mr. KRAEMER. Importation under the present duty is not prohibited, as we have some fourteen million odd pounds coming in here

yearly. The thing is not known to the general public, and consequently the sales are not as large.

Mr. UNDERWOOD. But I mean, according to your statement, it has no tax on it now at all, has it?

Mr. KRAEMER. There is a tax of half a cent a pound on the crude material and a tax of 25 per cent on the refined material, as it is covered by a basket clause in our tariff of "medicinal preparations." That is under paragraph 68, and another decision of the circuit court brings it under paragraph 3. So there is confusion in the interpretation of the correct duty at the present time. Furthermore, I believe there will be further litigation on it, as a great deal of this refined stuff is coming in here under the wool-grease duty of half a cent a pound.

Mr. UNDERWOOD. Let me ask you this question. I am asking for information, because I do not clearly understand it. Are you asking to have this duty increased or to have it defined more distinctly?

Mr. KRAEMER. We want it defined more distinctly, and we would ask to have it increased, in view of the fact that there are other products under paragraph 70 assessed 50 per cent.

Mr. UNDERWOOD. Now, what is the effect of the tax on your other product? Is it prohibitive, or is there any quantity coming in?

Mr. KRAEMER. No; I believe the French and German nations supply us with articles paying the 50 per cent in the nature of salves.

Mr. UNDERWOOD. What is the percentage of goods that are being imported to-day of articles standing the 50 per cent tax?

Mr. KRAEMER. I believe if you refer to the statistical reports they will tell you what preparations paying 50 per cent are imported; but I have never heard that it was a prohibitive duty.

Mr. UNDERWOOD. Are you having any serious competition with the foreign imports beyond the articles that have the 50 per cent duty?

Mr. CHARLES HEBER CLARK. They control the whole market.

Mr. KRAEMER. I would rather have Mr. Clark answer you about that.

Mr. UNDERWOOD. I simply want to get it for information. It is not given very fully here. This question has not been gone into. Is the other article in the trade into which you want to put this particular article producing revenue for the Government now?

Mr. KRAEMER. I will answer that, Mr. Clark. It is producing now about \$72,000.

Mr. UNDERWOOD. What percentage of the importations does that amount to? Is it 25 per cent, or what?

Mr. KRAEMER. No; that covers more fully the half a cent a pound product—the crude product. The other product is not known very well. It is not known here very extensively, and, owing to the peculiar classification of the tariff, the statistical department can not collect and record the amount of the imports, as it may be classified under this basket clause as a medicinal preparation or some other preparation.

Mr. UNDERWOOD. I do not get it clearly from your figures. It is an article that we are not familiar with and have not studied, and I suppose a good many other members of the committee, like myself, are not informed on it. I would like, for my own information, to know whether or not if we make this arrangement that you have asked, it will amount to a prohibitive duty or whether it will leave

it on a revenue basis; and I would ask you to file the figures in your brief showing the amount of importations coming in of this class of goods that now pay the duty you want, so that from that we can judge as to whether or not, if we give this increase, it will amount to prohibition or revenue only.

Mr. CHARLES HEBER CLARK. Will you pardon me for a suggestion? There are no figures. It comes in under a ruling of the appraisers as a medicinal preparation.

The CHAIRMAN. Do not break in now.

Mr. CHARLES HEBER CLARK. It comes in as a medicinal preparation, and is simply under an arbitrary ruling of the appraiser, who says that the thing is not crude. We ask you gentlemen to give us the same duty on the refined that the appraisers have put on it themselves. That is all.

CHICORY AND SPLIT PEAS.

[Paragraphs 250 and 280.]

HON. H. McMORRAN, M. C., SUBMITS BRIEF ASKING FOR INCREASE OF DUTY ON CHICORY AND SPLIT PEAS.

WASHINGTON, D. C., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The changes in duty wanted are:

First. Increase the duty on dried chicory root to 2 cents per pound.

Second. Leave the duty on manufactured chicory in bulk, barrels, or sacks as it is, at $2\frac{1}{2}$ cents per pound.

Third. Increase the duty on manufactured chicory in packages or rolls to 4 cents per pound.

Increasing the duty on dried root from the present rate of 1 cent to 2 cents per pound is for the purpose of increasing the American production of root, so that all of the chicory consumed in this country may be produced here instead of importing from 1,000 to 1,500 tons per year. Attached statistics show that, with the present duty and the present price of imported root, the price to the farmer for green root can not be increased to induce the farmer to increase acreage and production, because the cost of domestic dried root is now fully equal to the cost of imported dried root, without any profit to the domestic drier.

We do not regard an increase of the duty on manufactured chicory in bulk, barrels, or sacks as necessary. When the present duties were put into effect, making a difference of $1\frac{1}{2}$ cents between the duty on dried root and the duty on manufactured chicory, that difference was necessary in order to establish the industry in this country. Imported dried root at that time commanded a price of 25 to 40 francs per kilo, which was double the present value. The cost of chicory manufactured in this country from imported dried root was therefore much in excess of the present cost, and therefore the difference of $1\frac{1}{2}$ cents per pound originally established was relatively no more than the difference that would be maintained by making the tariff on dried root 2 cents and leaving the tariff on manufactured chicory $2\frac{1}{2}$

cents. Despite the heavy decline in the price of imported dried root, there has been little, if any, change in the price of the manufactured article, owing to the fact that the trade buying the imported manufactured product is prejudiced in favor of brands, and the price of these brands has been maintained.

The increase in duty on manufactured chicory in rolls or packages to 4 cents per pound is not intended to and will not increase the price of the domestic package to any appreciable extent, but would make a much larger market for the domestic article, as the increase in price of the foreign article, due to the increase in duty, would be sufficient to turn the domestic consumer from the high-priced imported article to the lower-priced domestic article. As shown by the statistics attached, there is a difference in the cost of production of the foreign packages as against the domestic package of only one-half cent per pound, due to the cheaper foreign labor and foreign materials. An increase, therefore, of one-half cent per pound over the duty on manufactured chicory in bulk would be sufficient to protect the domestic manufacturer against the cheaper foreign cost, but we justify the additional increase of 1 cent by the fact that it would materially aid the domestic manufacturer in disposing of his by-product and would actually compel the consumer to buy the cheaper domestic article, which is conceded to be equally as good.

There are three forms of chicory known to the trade:

Chicory root, green, similar to sugar beets. This is the product of the farm.

Dried chicory root, consisting of the green root, cut up into pieces about the size of a walnut and dried hard. This is the product of the drying kilns.

Manufactured chicory. This product is in two forms: First, the granulated, roasted chicory sold to the trade in bulk, put up in barrels and jute bags; second, the powdered chicory sold to the trade in small packages in wood cases. These small packages consist of "rolls" or "sticks," i. e., small cylindrical paper packages filled with powdered chicory, which cakes on standing. This is the product of the chicory roasting and granulating factory.

To produce manufactured chicory, the dried chicory root is placed in roasting drums and roasted until dark brown all the way through. This brown roasted chicory is then put through rolls and granulated and the various sizes or granulations separated by screens. The coarser granulations are packed in bags or barrels and are ready for market. The fine, powdered chicory, produced in the process of granulation, is a by-product and requires further handling to make it marketable. There is little, if any, market for the powdered chicory in bulk.

The powdered chicory goes to the packing rooms, where it is put up by girls and boys into paper tubes. These tubes are allowed to stand for a while, until the powder cakes into a mass or round "stick." Then they are packed into wooden cases and are ready for market. Several styles and sizes of packages or "sticks" are put up, the principal sizes being 5 packages or "sticks" to the set (a set weighing about 1 pound); $2\frac{1}{2}$ sticks to the set and 1-pound sticks.

The granulated chicory is sold to coffee dealers, who use it to blend with certain grades of coffee. There is practically no granulated chicory, as such, sold to the consumers in this country. The coffee

dealers blend a small percentage (seldom over 10 per cent) of granulated chicory with certain grades of roasted and ground coffee for the purpose of improving the color and flavor of these grades of coffee. Chicory can not be considered as merely an adulterant, for the best grades of chicory cost more than the cheap, broken coffee and coffee screenings. Its use has persisted for many years, because it produces a decided improvement in the cup when used with certain grades of coffee.

The package, "stick," or "roll" chicory, made from the powder is sold almost entirely to the foreigners in this country, who have been accustomed to its use in their native countries and continue the use here. These foreign-born residents are prejudiced through habit and ignorance in favor of the brands which they have used at home, and will pay a higher price for the imported brands than they will for the domestic brands, although it is conceded that there is no difference in quality. This prejudice in favor of foreign results in a very limited market for the domestic packages, especially since the passage of the pure-food law, which prohibits the domestic manufacturer using the foreign brand, as was formerly the custom. This use of foreign brands was not an imitation or infringement, the domestic manufacturer merely purchasing from the foreign manufacturer the right to use the foreign brand in this country and putting up the goods here instead of abroad. This limited market for domestic brands makes it difficult to sell the powder by-product of the domestic factory; in fact, these packages of powder are sold at less than cost to the manufacturer, the loss on the powder having to be made up by additional price asked for the granulated.

An increase in duty on manufactured granulated chicory would have no effect on the price to the consumer. The consumer does not buy granulated chicory as such, but only when mixed with ground coffee. The people at large do not know what chicory is, and when they have any ideas at all on the subject invariably confuse it with very poor coffee, or with the so-called "coffee essence" or "coffee substitute," products that contain absolutely no chicory. The chicory consumer, therefore, buying chicory only when mixed in very small percentage with coffee, would not be affected even should the increased duty raise the price of granulated chicory in this country, because the percentage of chicory used in the blend is so small that even should the price of chicory be doubled, the consequent increased cost of the blend would be less than one-half cent per pound, and it is not customary for retail dealers to sell coffee at prices including fractions of a cent. The chicory business in this country, up to the present time, has been too small and the profits too meager to permit of an extensive educational campaign of advertising, which would be necessary to educate the people at large to an appreciation of chicory and the use of it on their own account.

An increase in duty on manufactured chicory in packages, "rolls," or "sticks" would probably increase the price to the consumers of the imported article, but would not increase the price of the domestic brands, as the domestic manufacturer would be satisfied to dispose of all of this by-product powder at present prices without any increase in price.

The American production of chicory averages about 15,000 tons of green root per year, equal to about 4,000 tons of dried root. This

American production has grown up since the imposition of the present duty on dried root in 1897, the duty of 1897 enabling the American farmer to produce chicory in competition with the foreign product. The price paid to farmers in 1898 was \$6 per ton. This has been increased to \$7 per ton.

The American production is no longer increasing, is rather decreasing in volume. The reason of this is that while the price of farm products in general has increased materially since 1900, the price paid to farmers for chicory root has not increased during that time, because the price at which imported dried root may be delivered in this country will not permit of an advance in price to the farmer for green root.

Chicory is imported into the United States in three different styles—dried chicory root in sacks, granulated roasted chicory in sacks and barrels, powdered chicory in paper rolls or packages put up in wood cases of the same style as the domestic package.

	Tons.
Manufactured chicory imported in 1907.....	311
Dried chicory root imported in 1907.....	1,250

The manufactured product consists largely of the powdered chicory in rolls. Very little granulated chicory is imported at the present time. The imported dried root was manufactured in the United States into granulated and powdered chicory.

It is not practicable to import green root from Europe on account of the excessive bulk and the almost certainty of spoiling in transit.

Present duties:	Cents per pound.
On dried root.....	1
On manufactured, granulated roasted chicory in sacks or barrels.....	2½
On chicory, powdered, in rolls or packages.....	2½
On green chicory root.....	1

The price is figured f. o. b. New York, as New York is the principal chicory market. Belgium is the largest European producer. There has been practically no change in the price during the last five years.

Average price f. o. b. vessel Antwerp, 14.50 francs per 100 kilos; 14.50 francs per 100 kilos equals \$1.29½ per 100 pounds; vessel freight to New York, 10 cents per 100 pounds; customs duties, \$1 per 100 pounds; cost delivered New York, \$2.39½ per 100 pounds; \$2.39½ per 100 pounds equal to \$47.90 per ton.

Imported dried root can be purchased in lots of 50 to 100 tons, as wanted by the manufacturer, and requires a comparatively small amount of money tied up in stock and nothing invested in plant to produce it.

Michigan is the only State that has been able to grow chicory successfully. The price is figured delivered New York, because New York is the principal market.

It requires 3.75 tons of green root to make 1 ton of dried root.

3.75 tons green root, at \$7.....	\$26.25
1,200 pounds coke for drying.....	2.75
Expense covering acreage and looking after crop.....	1.00
Labor in drying.....	3.50
Power, water, and renewals.....	1.50
Management expenses.....	1.00
Interest, depreciation, insurance, and taxes on plant, at 13 per cent.....	2.70
Interest on capital to handle crop, three months, at 6 per cent.....	.50

Interest, storage, and insurance on product from time of drying to time of use, 10 per cent.....	3.60
Freight to New York.....	5.50
Total.....	48.30

All of the factories in the United States which produce dried chicory root are located in Michigan, in the center of the growing districts. This is because it is not practicable to ship the green root a distance of more than 75 to 100 miles, on account of the heavy freight rates, due to excessive bulk of the green root.

(A very small amount of sun-dried chicory root is produced in California and consumed locally.)

The green root is marketed in the fall by the farmers during the months of October and November. The roots are paid for on delivery by the farmer, and it is also customary for the dry kiln to advance money to the farmers during the growing season to enable the farmer to pay for the labor to handle the crop.

The drying operation at the kilns is usually completed by January 1 of each year, and the dry kiln then has its complete stock for the year on hand. The stock is gradually delivered to the roasting factories, as required, throughout the balance of the year.

The dry kiln, therefore, has to tie up a large amount of money, both in the plant, which remains idle for nine months of each year, and also in the stock, which has to be carried for several months before it can be disposed of. This necessitates a heavy interest, insurance, tax, depreciation, and shrinkage charge, which is avoided very largely when the imported root is used.

The relative cost of putting up packages of "rolls" or "stick" chicory in Europe and the United States is as follows:

	Cost per 500 pounds.	
	In Europe.	In United States.
Labor.....	\$0.15	\$1.00
Paper.....	1.20	2.25
Case.....	1.20	1.70
Total.....	2.55	4.95

Cost in United States.....	\$4.95
Cost in Europe.....	2.55
Difference.....	2.40

A difference of \$2.40 for 500 pounds equals 48 cents per 100 pounds, or about one-half cent per pound.

The great difference in European and United States costs is due to the difference in labor. Factory labor in Belgium is as follows:

	Per day.
Men working eleven hours per day.....	\$0.40
Girls working eleven hours per day.....	.10

In the United States men doing similar work receive \$1.75 to \$2.25 per day of nine hours, while experienced girls receive 75 cents to \$1 per day.

RELATIVE COST TO FARMER OF PRODUCING GREEN CHICORY ROOT IN
BELGIUM AND UNITED STATES.

Farm laborers working in the chicory fields in Belgium receive 10 cents per day and board. Labor is plentiful at this rate. The yield of chicory per acre is materially increased by hand weeding and cultivating, which the Belgian farmer can afford to give it with labor at 10 cents per day. The yield per acre and the cost per ton to the farmer is therefore much lower in Belgium than in the United States.

In the production of green chicory root at the drying kilns, Port Huron, Capac, Bad Axe, Bay City, and Gagetown, Mich., the price paid to the farmer is \$7 per ton of 2,000 pounds at kiln.

Average yield per acre for the past five years, 8,000 pounds per acre.

Chicory is planted in rows 18 inches and 22 inches apart, and cultivation practically all done by horse, which accounts, to some extent, for the small production per acre.

Weeding is naturally done by hand, and on account of the high price of farm labor the grower can not afford to engage such labor for attending to his chicory crop, and the growing is therefore confined to farmers who have a family of middle-age children that can assist him in this work.

The soil in Michigan, although not as well adapted to growing chicory as the soil in east and west Flanders, in Belgium, has been found the best in the United States, and would yield fair crops if farmers could afford to devote the labor necessary to the cultivation.

Regarding the production of green chicory root in Belgium, one box is equal to 50 kilos; 50 kilos equal to 112 pounds; 1 franc equal to 20 cents; 1 gemet equal to $1\frac{1}{2}$ acres; principal growing district east and west Flanders; average farm labor 50 centimes, or 10 cents per day and board; average factory labor 2 francs per day, or 40 cents per day for twelve hours' service; average yield per gemet, 250 boxes, equal to 18,900 pounds, per acre; average price paid farmer 1.20 franc per box, or \$4.15 per net ton (2,000 pounds).

Climate conditions in Belgium are ideal for growing chicory, the heat in summer being moderate, allowing plants to develop larger than in this country.

Chicory is planted in rows 8 inches apart, cultivated and weeded entirely by hand, which accounts largely for the heavy production per acre.

SPLIT PEAS.

The Dominion of Canada, or more particularly the Province of Ontario, is one of the largest, if not the largest, producers of field peas and yellow split peas, which are manufactured therefrom, in the world. The annual crop of field peas in Ontario is approximately 20,000,000 bushels per year. A considerable portion of this crop of peas is manufactured into split peas in Canada, and the surplus of the manufactured product not consumed in Canada is exported. The export business in split peas from Canada is a large one, and enables the Canadian mills to operate during the greater portion of, if not during the entire, year.

The field-pea crop in the United States is a comparatively small one. No statistics are available, but an estimate of 500,000 bushels per year as the annual crop is probably considerably larger than the actual figures would show. Field peas are produced almost exclusively in the States of Michigan and Wisconsin. A few are produced in New York State and a few on the Pacific coast.

The duties at present applicable to field peas, which are used in the manufacture of yellow split peas, and on yellow split peas themselves are as follows: Field peas, 30 cents per bushel; split peas, 40 cents per bushel.

This apparent differential in favor of the American manufacturer is in fact no protection at all on account of the shrinkage or wastage accruing in the manufacture of split peas. It requires $4\frac{3}{4}$ bushels of Canadian field peas to make 1 barrel of yellow split peas. A barrel of yellow split peas is 210 pounds, or $3\frac{1}{2}$ bushels. This loss in manufacture consists in part of the shrinkage in weight due to loss of moisture in the peas in drying them at a high temperature before splitting, and in part of the feed, consisting of the hulls, broken peas, and fine powder, which are removed in the process of manufacture. This feed is sold at the mill door, and commands about the same price in Canada and in the United States. In actual practice the above duties figure out as follows:

$4\frac{3}{4}$ bushels of field peas to make 1 barrel, at 30 cents per bushel.....	\$1.40
1 barrel, $3\frac{1}{2}$ bushels of split peas, at 40 cents per bushel.....	1.40

Taking into consideration the loss in manufacture, therefore, there is no protection to the American manufacturer as against the Canadian manufacturer. It is frequently necessary—in fact, there has been hardly a year for the past ten years when it has not been necessary—to draw upon the Canadian supply for peas on account of crop failures in the United States. The Canadian manufacturer of split peas has a decided advantage over the American manufacturer:

First. From the fact that he can operate his mill practically throughout the year, with a consequent much larger output per year than the same size American mill, his charge per barrel for fixed charges on his plant is much smaller than the American manufacturer, who can operate only a portion of the year. The American manufacturer must have a good-size mill for his purpose—in fact, he has to have a large if not larger mills than the Canadian manufacturer—because the American supply of peas is available only in the fall, and the demand for split peas is almost entirely during the cold weather. The American manufacturer, therefore, must be able to take care of the raw material when offered and be able to supply the trade when the demand exists.

Second. Labor in Canada is in general lower than in the United States, and it is lower in this industry also, due to the fact that the Canadian miller can offer his employees practically steady employment throughout the year, while the American manufacturer must pick up his men for three or four months of the year at the longest. A head miller in Canada is employed for \$1.75 per day, while in the United States it is necessary to pay \$2.50 per day for the same work. Mill helpers in Canada receive \$1.50 per day, while in the United States they receive an average of \$2.

Third. The price of barrels in Canada is lower than in the United States, large quantities of cooperage stock being imported into the United States for barrel-making purposes, paying the United States duties. There is a difference in cost between the Canadian barrel and the American barrel of about 15 cents per barrel.

The difference between the duty on the raw material and the manufactured product in a similar industry—rolled oats—affords ample protection to the American manufacturer. It requires an average of $9\frac{1}{2}$ bushels of oats to manufacture a barrel of rolled oats, which is 180 pounds. The duty on oats is 15 cents, which figures on $9\frac{1}{2}$ bushels required for a barrel, \$1.43. The duty on rolled oats is 1 cent per pound, or \$1.80 per barrel, leaving the difference of 37 cents per barrel protective duty on rolled oats for the American manufacturer.

We believe that the present duty on split peas of 40 cents per bushel should be made applicable to the amount of raw material required to make a barrel of split peas—that is, 40 cents per bushel on $4\frac{2}{3}$ bushels, or \$1.87 per barrel, which is equivalent to about 54 cents per bushel on split peas.

The consumer would not be affected by a change in duty, even should the wholesale price of split peas be affected 50 cents or \$1 per barrel. The retail dealers throughout the country east of the Missouri River and on the Pacific coast have a uniform price to the consumer of 5 cents per pound, equivalent to \$10.50 per barrel. This price of 5 cents per pound has seldom if ever changed, although the manufacturers' selling price has ranged from \$4.50 to \$7 per barrel.

The total consumption of split peas in the United States averages only about 40,000 barrels, or say $8\frac{1}{2}$ million pounds per year. This does not average one-half pound per family per year. The retailer seldom, if ever, sells over 1 pound at a time, and take the position that he can not afford to handle this article except at a comparatively large margin of profit, and that it does not pay to make a change in his price to the consumer to correspond with the fluctuations in the cost.

We would, therefore, submit that if the duty on round peas is left at 30 cents per bushel, the duty on split peas should be increased to 55 cents per bushel.

H. McMORRAN, M. C.

CHOCOLATE AND COCOA.

[Paragraph 281.]

STEPHEN L. BARTLETT, OF BOSTON, REQUESTS A REDUCTION OF DUTY ON MANUFACTURED COCOA AND CHOCOLATE.

TUESDAY, *November 19, 1908.*

Mr. BARTLETT. I am here to request, first, a reasonable reduction of the duty on manufactured cocoa and chocolate; second, that in this new tariff the wording of the paragraph be so simplified as to avoid the constant litigation with the board of appraisers such as has occurred in the past ten years.

I am not an agent or commissioner representing any foreign interest, but a buyer of goods for my own account and risk.

In considering this, do not confuse bulk cocoa in 100 or 200 pound barrels and 10-pound blocks of chocolate in 100-pound cases, both of which are used almost wholly as manufacturers' raw material, with what is commonly known as "chocolate," and as such provided for under the sugar schedule. The manufacturing of cocoa and chocolate in this country is done wholly by machinery, the best of which machinery is now made in this country. The manufacturing cost of both cocoa and chocolate is small, and any difference on account of labor should figure, I think, slightly, if at all, in fixing a tariff, and a much less than the present rate will afford ample labor protection. Anybody familiar with this industry knows that in this country it is not in need of a high protective tariff. The duty on cocoa powder and cocoa butter is now specific, and I urge the making of the chocolate duty the same, having, if advisable, one price as a dividing value, all goods above such value paying one specific duty and all goods below such value paying a smaller specific duty.

The present tariff on cocoa and chocolate as a revenue-producing bill is a failure; as a protective measure it is not necessary. The increase in the duty on cocoa under the present tariff is 150 per cent and on manufactured chocolate as high as 380 per cent over the tariff of 1894, and the tariff of 1894 was higher than that of 1890. Under the present rate imports have increased on cocoa powder from 549,174 pounds in 1897 to 1,144,469 pounds in 1907. This does not include importations from Switzerland, which are now being shipped to this country by an association of Swiss manufactures. The success of their effort remains to be seen. They have been spending their appropriation very largely above the profits, I should judge. During this same time the importation of cocoa beans—and that is the raw material from which manufactured cocoa and chocolate is made—has increased from 25,508,369 to 91,836,846 pounds.

I quote from an opinion expressed some years ago by the largest manufacturer of cocoa and chocolate in this country, in which he stated that the only tariff necessary on manufactured cocoa and chocolate was such as would equalize the duty that he was obliged to pay on tin, sugar, and machinery used in their production.

That is all, and I thank the committee.

Mr. CLARK. If all these changes were made which you ask, would it result in any cheapening of these materials to the people who use them or consume them?

Mr. BARTLETT. The bulk of the business is sold to the manufacturing confectioners; they buy the goods. Whether their buying the goods cheaper would cause them to sell them cheaper is a question.

Mr. CLARK. The upshot of the whole thing would be if these changes were made it would give you more profit and would not give the consumer any advantage at all?

Mr. BARTLETT. No; we would not do that. We have to meet competition. Some goods to-day we can not import at all. You have the duties so high you have barred them out practically altogether.

Mr. CLARK. That is the Massachusetts theory of the tariff, to get raw material in free and then have a good stiff tariff on the manufactured products.

Mr. BARTLETT. That is not my theory.

The CHAIRMAN. The manufactures have increased very largely in the last five years under the present tariff, have they not?

Mr. BARTLETT. Of what?

The CHAIRMAN. Chocolates, for instance, manufactured chocolates, valued above 15 and not above 24 cents.

Mr. BARTLETT. They began to increase when the Swiss Association of Manufacturers began to spend their verly large appropriation of money.

The CHAIRMAN. They increased in 1903 nearly five times as much. Goods valued above 24 and not above 35, in 1903, amounted to 174,000, and in 1907 amounted to 1,309,000 pounds.

Mr. BARTLETT. That is because the Swiss association are spending a very large appropriation of money here to introduce their goods, but if you will refer to the statistics you will see that up to that time the growth of imports was very slight. You can sell goods anywhere if you will spend money enough to advertise them.

COFFEE.

[Paragraph 529.]

STATEMENT OF HON. TULIO LARRINAGA, RESIDENT COMMISSIONER FROM PORTO RICO, RELATIVE TO COFFEE.

THURSDAY, *November 19, 1908.*

The CHAIRMAN. Mr. Larrinaga, there are four or five names on the list on the subject of coffee. I suppose they are all in favor of a duty, are they not?

Mr. LARRINAGA. Yes, sir; they are.

The CHAIRMAN. Can it not be arranged so that two can be heard?

Mr. LARRINAGA. Yes, sir. I suppose the most directly interested—

The CHAIRMAN. If you will arrange that you will oblige the committee very much.

Mr. LARRINAGA. Yes, sir; I will take the liberty of arranging it so that a gentleman from Hawaii, who has traveled over 5,000 miles to come here to be heard for a few minutes, and myself, if you are kind enough to hear me for a few minutes, will address you.

Your committee knows very well that at the first session of the Fifty-ninth Congress I introduced a bill to put a duty of 5 cents on every pound of foreign coffee imported into the United States. I did it because it was the desire of all my constituents. They felt that if everything that they used in Porto Rico was taxed for protection, that they had a kind of a right to have their main staple protected also. I am going to read only half a dozen small pages to the committee, if it will be kind enough to hear me very briefly, in which I think I have put the main arguments. I have tried to be as brief as possible.

Coffee has been, for many years, the main production of Porto Rico and its greatest source of wealth and prosperity.

Coffee in Porto Rico is the poor man's crop. Any poor man that has 1 acre of land can plant coffee in it and get ready cash for its

crop as soon as the berry can be picked from the tree by selling it to his nearest neighbor, who has a small plant to prepare it for market, or can himself dry it, in the berry, and sell it in that state in the market.

Such is not the case with sugar or even tobacco, which require large capital, yield only one crop, and then disappear, while the poor man's acre of coffee when once bearing fruit is a permanent source of income to him. The manner in which the poor man plants his acre of coffee makes it very easy for him to wait from five to seven years for a full bearing of the trees. He plants bananas in the same land prepared for coffee. The bananas, or plantains, grow very rapidly. The plantain is a larger sort of banana. It is not as sweet as the bananas you use, but is a larger variety, that is eaten before ripening. It is roasted and used for bread by the poor classes.

The bananas (or plantains) grow very rapidly (in a few months) and shade the coffee trees when they are young, and at the same time furnish food for him and his family, while the shade trees and the coffee trees have time to grow.

Under the protective tariff sugar and tobacco production has largely increased.

The coffee crop in Porto Rico previous to 1898 had reached 60,000,000 pounds, with a value of \$16,000,000. To-day it has been reduced to 35,000,000 pounds with a value of only \$4,500,000.

The causes of this reduction are various.

It is claimed that the great cyclone of 1889 was the main cause of the ruin of coffee, but this is not altogether true. The cyclone ruined some of the plantations entirely; but in a great many of them the damages were not beyond repair if capital had been available. In general it may be said that with the necessary money all damage could have been repaired and a full crop restored in three years. Had coffee not lost its market and its price fallen from 30 to 7 cents per pound, the bankers, the merchants, and money lenders of all kinds would have furnished the coffee planters with the money necessary to rebuild their plants and stores blown down by the cyclone, and also to repair the damage done to the tree. This has been proven by experience in previous cases. In spite of all the drawbacks with which the coffee planters had to contend, they have been holding their own for nine years, in the hope that Congress would some day come to their assistance and protect coffee in the same way that it protects everything produced under the American flag.

Coffee in Porto Rico is produced in the mountains. The higher the ground the better the production. Sugar or tobacco can not be produced in the mountains where coffee is grown. Oranges and all citrus fruit will grow very well, but it will be a material impossibility to pick and transport oranges from such broken and precipitous ground at anything like a marketable price, and even then it would require a large sum of money to chop down and remove the shade and coffee trees and plant orange trees, which would take from seven to eight years to bear a full crop. Even if this could be accomplished—if it were possible to economically cultivate oranges in the mountains (which we deny)—it would be unwise to eliminate a staple product whose merits, like the Habana tobacco, depend upon special climatic and local conditions and the nature of the soil and substitute for it another crop, like oranges, that is produced in almost every

part of the Tropics and the Temperate Zone. Much more absurd would it be to undertake such a change to-day when we have come to form a part of the United States, the greatest coffee-consuming nation of the world, for, except the Dutch, the American people use the largest amount of coffee per capita ($11\frac{3}{4}$ pounds) per year and a total of more than 1,000,000,000 pounds every year.

Porto Rico coffee is sold to-day to the coffee-drinking nations of the world—France, Italy, Spain, Austria-Hungary, and Cuba.

Porto Rican coffee brings the highest price in those nations, but the money remains there. While coffee sells in New York for \$10 a quintal, or 10 cents a pound, it sells for 28 cents or 30 cents in Europe, and sometimes for 35 cents, so that in spite of the higher freights, in spite of the $12\frac{1}{2}$ cents duty per pound that our coffee pays there as a minimum, it is more profitable to send it to those countries than to send it to New York in American bottoms and free of duty. And this happens in a country where the total coffee (often sold for 26 cents and upward per pound under the assumed names of Mocha and Java) is ten times greater than the whole production of the island of Porto Rico.

The coffee planter has always been in the hope of obtaining some protection from Congress, and in years past he has been producing coffee at a loss. But it is the working class, the field laborer, that has suffered the most and who is still suffering severely. The laborer in the coffee plantations only gets 30 cents a day, and there have been many instances in some of the most afflicted districts when they were not allowed to work all day, and one only got 15 cents for a half day. These are the real facts that can be easily proven. Many of the small farmers who had a little farm of their own, which enabled them to live in comfort, supporting their families, are to-day mere peons (field laborers) getting a salary of 30 cents a day. Up to two years ago the number of small farms sold by the insular government to pay a few dollars taxes were about eight hundred, and the number has been increasing.

Our contention is that a duty of no less than 5 cents per pound (Europe puts $12\frac{1}{2}$ cents) should be put on all foreign coffee coming into the United States, and this for the following reasons:

First. Because, after all, the people of the United States are not having coffee free of duty at all. When in 1873 Congress placed coffee in the free list, Brazil, who furnished three-fourths of all the coffee used in the United States, placed an export duty on their bean. From that time to the present day American consumers have paid the treasury of three States of Brazil the sum of \$380,000,000.

Mr. HILL. What is that export duty? Is it continued?

Mr. LARRINAGA. Yes.

Mr. HILL. How much is it?

Mr. LARRINAGA. Five francs per bag, and an additional 1 franc, I believe, if the crop goes beyond 9,000 bags, which it has done for the last few years.

Mr. HILL. How many pounds of coffee are there in a bag?

Mr. LARRINAGA. Sixty kilograms, or 132 pounds.

Second. Because it is just and fair that Porto Rico, which to-day contributes her share to the prosperity of many of the products and of nearly all the manufactures in the United States, and is willing to

shoulder her share of the high domestic prices, should also have her share of protection and have her main staple protected.

One or two examples will suffice to prove the above assertion. When a Porto Rican planter in our large coffee plantation has to replace his boiler, or any part of his machinery, he can no longer buy it in England, Belgium, or France, as he did before. To-day he orders it from the American manufacturer, to whom he has to pay a much higher price than our neighbors from Santa Cruz or any of the other foreign islands have to pay at the same factory, because the American manufacturer has to lower his price for them in order to compete with the Europeans, or his customer will not buy of him. This is equally true of all other articles that we use.

MR. GRIGGS. You say that you pay a higher price in Porto Rico for machinery than they pay in the other foreign islands. Do you mean to say that?

MR. LARRINAGA. Yes, sir; I do.

MR. GRIGGS. Machinery made in the United States?

MR. LARRINAGA. Yes.

MR. GRIGGS. Do you pay more than they do in Jamaica, for instance?

MR. LARRINAGA. Yes.

THE CHAIRMAN. Mr. Griggs, let us hear what you are asking.

MR. GRIGGS. Do you mean to say that you pay higher for machinery in Porto Rico than they pay for the same machinery manufactured by the same corporation in the United States?

MR. LARRINAGA. Yes, sir; manufactured by the same corporation, by the same factory. We have to pay a higher price. That is a well-known fact, which can be proven by any number of affidavits that the gentlemen of the committee might desire to have.

MR. HILL. It is only the additional freight, is it not?

MR. LARRINAGA. The additional freight; and also that the man would go to England and get it there if he does not get a little more profit.

MR. HILL. You are drawing a distinction between property bought in England and the same thing bought in the United States?

MR. LARRINAGA. Yes, sir. I will explain to you gentlemen how it is.

MR. DALZELL. You did not understand that, Mr Griggs, did you?

MR. GRIGGS. Yes; you have got it wrong, if I can get him to understand me. Do you mean to say that American manufactured goods sell lower on American soil than they do on foreign soil?

MR. LARRINAGA. Not lower on American soil. We call Porto Rico American soil.

MR. GRIGGS. Then you say they sell higher?

MR. LARRINAGA. They sell higher in Porto Rico than they sell in any of the neighboring islands.

MR. GRIGGS. With the same freight rates?

MR. FORDNEY. Do you know that to be a fact, my friend?

MR. LARRINAGA. Yes, sir; I know it to be a fact.

THE CHAIRMAN. What American machinery do you refer to?

MR. LARRINAGA. Anything, from a boiler to a bolt.

MR. GRIGGS. Can you buy a sewing machine, made in the United States, cheaper in Jamaica than in Porto Rico?

MR. LARRINAGA. You could not buy it in England. The Jamaicans buy cheaper from the American manufacturer than the Porto Ricans.

The CHAIRMAN. Do you say that is true of all machinery that is sold, of all kinds, or what?

Mr. LARRINAGA. I would not commit myself to say that there might not be some particular piece of machinery that did not come under that rule; but I say that as a rule all American manufactures sell higher in Porto Rico than in the neighboring islands.

Mr. FORDNEY. Why do you not buy it in the neighboring islands and ship it to Porto Rico, then?

Mr. LARRINAGA. We could go there and buy it, but then we would have to pay the duty coming into Porto Rico, sir. We know that. [Laughter.] That would be a very poor bargain. We know better in Porto Rico.

The CHAIRMAN. What machinery do you know about? I would like to know what the fact is. What sort of machinery do you know about?

Mr. LARRINAGA. Boilers, for instance. I know of that.

The CHAIRMAN. And what else?

Mr. LARRINAGA. Any other machinery. Coffee hullers, that we use for the coffee; sugar mills, and all sugar and coffee machinery.

Mr. GRIGGS. Could you buy a harvester cheaper? You do not use them there, I suppose?

Mr. LARRINAGA. Very few people use them.

Mr. GRIGGS. You do not know about that?

Mr. LARRINAGA. Yes, sir; I know that some people have them for grass, but as a rule they are not used. We do not grow anything that has to be cut in that way.

Mr. GAINES. May I ask you a question? Will you name some machinery, and the maker of it, which is sold more cheaply in the other islands than it is in Porto Rico?

Mr. LARRINAGA. Yes, sir; I have told the gentleman of boilers.

The CHAIRMAN. He asked for the makers.

Mr. GAINES. Who made them?

Mr. LARRINAGA. The factories, here?

Mr. GAINES. Yes.

Mr. LARRINAGA. I believe every factory, because if there was one that did not our Porto Rico people would go to it surely.

Mr. GAINES. I should think so. But I wanted to find out the specific machine; and who makes it and sells it at a cheaper price to the other islands than to Porto Rico.

Mr. LARRINAGA. I am not prepared now to state that, but I can furnish the information.

Mr. GAINES. I wish you would.

Mr. LONGWORTH. And also how much cheaper.

Mr. LARRINAGA. I will try to do that.

Mr. GRIGGS. These factories do not export themselves, do they? Do they not export through houses like Peabody & Co., in New York?

Mr. LARRINAGA. They have agents there who take the orders and send them here. That is the ordinary way of doing business.

Mr. GRIGGS. That is the way you buy these things, from the importing agent of the manufacturer?

Mr. LARRINAGA. Ordinarily, because many a time a man who wants to replace his boiler goes to his banking house and gives the order.

Mr. GRIGGS. That is right. I am glad you came to Congress.

Mr. LARRINAGA. The rural population of Porto Rico lives mainly on rice that we have for several years past been buying from the Louisiana and Texas planters. We buy of them over 1,000,000 bags, or "pockets," as they call them. We have been paying to those planters every year about \$2,500,000 more than we would have to pay to Japan, British India, or Spain if it were not for the protective tariff. With a protective duty of 5 cents per pound on foreign coffee, Porto Rico planters will receive a benefit of about \$1,500,000. Of course this will eventually increase under the stimulus of protection, but may never double. Of course we can not tell.

The main arguments used against a protective tariff on coffee are:

First, that Congress should never tax the poor man's breakfast table.

Gentlemen, I have heard that from every American I have heard speak on the subject; but when I saw that everything on the breakfast table of the poor man was taxed, beginning with the sugar that he puts in his coffee, in his pie, in his cake, and in his candy, and on everything from his hat to his shoes, I could not find what difference it made to the poor man whether you tax him on one side or the other, whether you take his money from one pocket or from the other. After a while I thought there might be some secret reason, some religious reason, perhaps, and so I went and looked over the ten commandments to see if there was anything stated about not putting a duty on coffee. I could not find anything about it. [Laughter.] I do not see how anybody can tell me, if the poor man's breakfast table is taxed in everything he uses, that it makes any difference whether you tax his coffee and take that amount from all other articles he uses.

Mr. FORDNEY. The Republican party did not make the ten commandments, but they did make the tariff law.

Mr. LARRINAGA. The Republican party made the tariff law, and it made many other good things. I am for a tariff, too.

Mr. FORDNEY. You talk like a free trader.

Mr. LARRINAGA. I believe that if the poor man had \$2 taken from all his other taxes, for every dollar that is put in his coffee he will be glad to have it done.

The main argument used against a protective tariff on coffee is, first, that Congress should never tax the poor man's breakfast table. It is really astonishing to hear such weak argument repeated even by intelligent people, and this is simply because they do not take the trouble to examine it for a single minute.

The poor man who, in the end, is greatly benefited by the protective tariff, has his breakfast table taxed by the duty he pays on the sugar he uses in his coffee, in his cakes, in his pie, and he also has his breakfast taxed on the beef he eats, and, in short, in everything he uses on his breakfast table. Why should his coffee not be taxed? What difference does it make to him whether you get his money through coffee or sugar, his shoes or his shirt?

When Congress placed coffee in the free list it acted rightly and wisely. Congress could not foresee that other nations were to profit by that measure to tax the American people for their own treasuries. Congress was framing a protective tariff and coffee was not produced in any part of the United States. But at the present time things have changed very materially, and coffee is produced in all the outly-

ing territories of the United States. In putting a tax on coffee Congress will not only get a revenue for its own Treasury, but part of it will be taken from Brazil. A tax of 5 cents per pound on coffee will only represent one-tenth part of a cent for a cup of coffee for the poor man. The average consumption of coffee in the United States, we have said, is $11\frac{3}{4}$ pounds per capita per year, so that the workingman who on an average gets \$470 a year is taxed only 58 cents for his coffee. Five cents on every pound of coffee imported into the United States will represent a revenue of from \$50,000,000 to \$60,000,000 every year. If this money is wanted in the United States Treasury, then Congress should not hesitate in putting on the duty. If, on the other hand, this revenue is not wanted to-day for the expenses of the Government, then Congress should take off some of the duties from raw material and protect the manufacturers and the people who use their products.

The other argument always presented against a duty on coffee is that it would not be fair to tax 80,000,000 people to protect 1,000,000. This argument is still weaker than the other one. In the first place, Porto Rico is not asking simply for a bounty for itself, but for a protective duty for all coffee produced in the American territory—the Hawaiian Islands, Philippines, Porto Rico, and any other part of the United States that may take to producing coffee. There is no such thing as 1,000,000 against 80,000,000, but 8,000,000 to be benefited by the measure. In the second place, the case with coffee is the same as with all other protected products. Are there any of the protected products or manufactured products produced in all parts of the United States? Does the whole of the United States produce rice, sugar, tobacco, chicory, or wheat? Are watches, shoes, etc., manufactured in every State of the Union? Are not steam fire engines protected by the tariff? And yet they are manufactured in only two or three places in the United States.

So, Mr. Chairman, I believe the argument does not hold good at all. This is not only the case in the United States; this is the case in every large country. One part produces wheat, another produces corn, another raises sheep and produces wool, etc. This is a general case. So that the argument of the 80,000,000 against the 8,000,000 does not hold good at all.

Mr. RANDALL. I would like to ask you a question.

The CHAIRMAN. Let Mr. Larrinaga finish reading his paper. Read the rest of your paper first, Mr. Larrinaga.

Mr. LARRINAGA. Thank you, Mr. Chairman. I hope it will interest you to the point of putting a tariff on coffee.

Without an effective protection coffee production is bound to disappear from Porto Rico within a few years. Where will our 300,000 people of the mountains go for a living during the long period of that process? Will they migrate again to Hawaii, to Yucatan, Mexico, and to Peru, as did many thousands during 1900 and 1901? Will the United States, who for years has been offering a piece of bread to the hungry and a home to the homeless of all nations, appear in turn as a country who has to send her own children to foreign lands in search of that bread? Are those 300,000 peasants of the mountains, our peaceful, hard-working, law-abiding citizens, of pure Caucasian race, to be left to starve? Are they going to look back with regret to the good old days when they lived happily and in plenty with their

families, never dreaming that a day was to come when they would have to leave behind them everything that is dear to them or see their loved ones perish for the lack of all means of subsistence?

The CHAIRMAN. Have you completed your reading?

Mr. LARRINAGA. Yes; I have finished the paper.

The CHAIRMAN. Now ask your question, Mr. Randell.

Mr. RANDELL. You stated that in the purchase of rice from Louisiana and Texas you had had to pay an extra price. I wanted to ask you this: Is rice from those States or from the United States sold in Porto Rico at any higher rate than it is in other places?

Mr. LARRINAGA. I do not think so. I do not know. I could not answer that. All I know is this—

Mr. RANDELL. They charge the same price in Porto Rico as in the other islands.

Mr. LARRINAGA. Yes; I do not know how it is with rice, but I know this, that if we could get that rice from Japan, British India, or Spain we would be paying $2\frac{1}{2}$ cents less per pound, and as we buy over 1,000,000 bags every year we are paying very nearly two and a half million to protect that rice. We are willing to share that burden; but the poor man who raises the coffee and who works in the coffee fields and who gets 30 cents a day lives almost exclusively on rice, and I want his product to be protected the same as the food that he lives on is protected. That is our contention.

The CHAIRMAN. How much coffee did you ever produce in Porto Rico in a year?

Mr. LARRINAGA. How much could we ever produce?

The CHAIRMAN. How much did you ever produce?

Mr. LARRINAGA. Sixty million pounds.

The CHAIRMAN. How much does it cost you to produce that coffee and lay it down in New York?

Mr. LARRINAGA. To lay it down in New York, it would cost now from \$10 to \$11.

The CHAIRMAN. About \$11. Eleven cents a pound, do you mean?

Mr. LARRINAGA. Yes.

The CHAIRMAN. That is less than it cost you ten years ago, is it not; and less than it cost six or eight years ago?

Mr. LARRINAGA. No; I did not say that it cost less to produce it. It costs to-day, to produce it, about \$10, but I am calculating the freight and other expenses and putting in a dollar more. I am not a merchant myself, but I know it costs in the neighborhood of \$10 to produce it there.

The CHAIRMAN. And you think it would take another dollar to get it into New York. Is that right?

Mr. LARRINAGA. Yes, sir; with lighterage and other minor expenses.

The CHAIRMAN. Where did you sell it before Porto Rico was annexed to the United States?

Mr. LARRINAGA. We sold it to France and to Spain, Italy, Austro-Hungary, and Cuba, too.

The CHAIRMAN. Where do you sell it now?

Mr. LARRINAGA. We sell it to the same countries now, because they are used to it, and they will pay a very high price, which makes up for the higher freights and for the tariff of 13 cents that we have to pay in France, Spain, and Italy.

The CHAIRMAN. Do they buy the whole crop?

Mr. LARRINAGA. Yes, sir; with Cuba they take our whole crop. We do not sell in New York the one-hundredth part of it. The sale is very insignificant there.

The CHAIRMAN. How high a price do you get in France?

Mr. LARRINAGA. In France we get from 28 to 35 cents.

The CHAIRMAN. Is it necessary for you to get that in order to pay 30 cents a day to the people on the coffee plantations?

Mr. LARRINAGA. No, sir; it would not be if we did not have to pay 13½ cents duty.

The CHAIRMAN. And you have to pay the freight there?

Mr. LARRINAGA. And a higher freight.

The CHAIRMAN. So that that reduces it down to about 16½ cents?

Mr. LARRINAGA. It would take all that from our price; yes.

The CHAIRMAN. And it is necessary for you to get about 16 or 17 cents in order to live at 30 cents a day?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. Do you know that the coffee that is imported into the United States is imported here at about 8 cents a pound on the average?

Mr. LARRINAGA. From Brazil, mainly; yes, sir.

The CHAIRMAN. The whole importation averages 8 cents a pound.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And there have been years when it averaged 4 and 5 cents a pound.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. But that was before the Brazilian Government went into the coffee business and bought up the crop and sold it at their own price, was it not?

Mr. LARRINAGA. I do not think that is working at all.

The CHAIRMAN. It is so reported. I do not know whether it is so or not, but it is reported that they have taken it on themselves to take care of the crop and of the price. With a duty of 5 cents you say you could increase the production?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much?

Mr. LARRINAGA. Very greatly.

The CHAIRMAN. How much?

Mr. LARRINAGA. I should think it will be about three times larger in the course of five or six years.

The CHAIRMAN. Three or four times as much as at the present time?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much do you produce now?

Mr. LARRINAGA. Sixty million pounds.

The CHAIRMAN. What is that?

Mr. LARRINAGA. I made an error. I should have said three or four times more than we ever produced—60,000,000 pounds. We are producing only 35,000,000 now.

The CHAIRMAN. How much are you producing now?

Mr. LARRINAGA. Thirty-five million pounds.

The CHAIRMAN. But you did produce 60,000,000 pounds?

Mr. LARRINAGA. Yes.

The CHAIRMAN. Before annexation?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. You think the extent of your production then would be 200,000,000 pounds?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And you think that would be about the limit?

Mr. LARRINAGA. You can not tell, because protection—

The CHAIRMAN. The sugar business has grown, has it not, since it has been protected?

Mr. LARRINAGA. Yes.

The CHAIRMAN. And many tons are now sent to the United States?

Mr. LARRINAGA. About 250,000.

The CHAIRMAN. You have gotten some compensation out of that, have you not?

Mr. LARRINAGA. We have gotten some, of course.

The CHAIRMAN. And you send other products to the United States?

Mr. LARRINAGA. We are still living, on that and tobacco.

The CHAIRMAN. You send other products to the United States?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And you have gotten large benefit out of that?

Mr. LARRINAGA. Yes; on sugar and tobacco, and we are beginning to have it on fruit under the protective tariff.

The CHAIRMAN. Have you figured up how much benefit you have gotten this last year on sugar, tobacco, and everything?

Mr. LARRINAGA. No, sir; I have not had time to figure it.

The CHAIRMAN. It would be a rather large sum.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much rice do you buy from the United States?

Mr. LARRINAGA. About 1,000,000 bags. This year it will go beyond 1,000,000 bags.

The CHAIRMAN. How many pounds are there in a bag?

Mr. LARRINAGA. One hundred pounds to the bag, I think.

The CHAIRMAN. About 100,000,000 pounds, roughly?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. How much do you pay for the Louisiana rice? Do you pay more than you do for the Japanese?

Mr. LARRINAGA. We pay about \$2, and sometimes even as high as \$2.25, \$2.30, and \$2.50.

The CHAIRMAN. Sometimes it is more than the duty?

Mr. LARRINAGA. Oh, yes.

The CHAIRMAN. Do you get all your rice in the United States?

Mr. LARRINAGA. Yes; from Louisiana, and we are beginning to get some from Texas.

The CHAIRMAN. You get it all from the United States?

Mr. LARRINAGA. Yes, sir; all.

The CHAIRMAN. Of course with a cent a pound on coffee one billion of exports would make \$10,000,000 a year in revenue.

Mr. LARRINAGA. Five cents?

The CHAIRMAN. One cent would make \$10,000,000 a year in revenue. Five cents would make \$50,000,000.

Mr. LARRINAGA. No; I believe the gentleman is mistaken. We never raised a million—

The CHAIRMAN. Oh, no. I say a million pounds imported into the United States would produce that revenue.

Mr. LARRINAGA. Oh, yes; a million pounds?

The CHAIRMAN. Yes.

Mr. LARRINAGA. That is all right.

The CHAIRMAN. One cent a pound would make \$10,000,000 of revenue and 5 cents a pound would make \$50,000,000 of revenue.

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And do you think that would be a good idea, economically, for the United States?

Mr. LARRINAGA. Yes, sir; I think so myself.

The CHAIRMAN. Have you any information as to how much coffee is produced in the Hawaiian Islands, or will some other gentleman speak of that?

Mr. LARRINAGA. I know about it, but I would rather give the chance to the gentleman who has come from Hawaii, Mr. Louisson.

Mr. BOUTELL. Mr. Larrinaga, why is it that it is impossible to get Porto Rican coffee here? The best coffee I ever drank came from Porto Rico, and I have been to every grocery store in Washington endeavoring to get some, and they do not have it.

Mr. LARRINAGA. It is not our fault. I do not wish to present here the small bickerings of the colonial government. Four years ago the legislature appropriated \$12,500 for an agent in New York, but through some influence the job was given to a man who failed entirely. He spent four years there and did nothing. You can get a pound of the coffee in New York City sometimes, but the sale every year amounts to only a few thousand dollars—twenty or twenty-five thousand dollars' worth of coffee for a whole year.

Mr. BOUTELL. It all goes to these foreign countries?

Mr. LARRINAGA. It all goes to Cuba, France, Spain, Italy, and Austro-Hungary, because our coffee is appreciated there, and they will pay a high price for it.

Mr. BOUTELL. And the people certainly would here, if it were demonstrated to them. It is a superior coffee.

Mr. LARRINAGA. Yes.

The CHAIRMAN. If you spent a few thousand dollars in demonstrating the coffee in the United States, you would probably get more out of it than by a duty of 5 cents.

Mr. LARRINAGA. We spent \$50,000 and failed to sell any. The chairman of the committee asked me once the same question—where he could get a pound of the coffee.

Mr. BOUTELL. Right in that connection, let me ask you this: How much Java and Mocha coffee that the innocent and credulous consumer buys comes from Java and Arabia?

Mr. LARRINAGA. I believe about one-fifth of it.

Mr. BOUTELL. And where does the rest of it come from—from Brazil?

Mr. LARRINAGA. While visiting Brazil, on the large plateaus of São Paulo, where their factories are, I noticed on every plantation one big machine, made in the United States—and they buy very few things from here—marked "Mocha coffee." So they make it there.

Mr. BOUTELL. That is a long way from Arabia.

Mr. LARRINAGA. Yes; it is right out on the State of São Paulo.

Mr. BOUTELL. What I am trying to get at is this: Alongside of your requesting this duty, could not something rational be done to

point out to the people that four-fifths of the coffee which they buy as superior Java and Mocha does not come from Java or Arabia at all, and that Porto Rican coffee is just as good as the imitation Java and Mocha and a good deal better?

Mr. LARRINAGA. Yes; that is true in theory.

Mr. BOUTELL. I think that Porto Rican coffee is the best in the world.

Mr. LARRINAGA. But the proposition of changing the habits of a people is so difficult—experience has shown that it is such a hard and difficult task—that I think it would take a good deal of money and a good many years to undeceive the people.

Mr. BOUTELL. You think they would prefer going on being deceived about their Java and Mocha coffee?

Mr. LARRINAGA. The consumer does not; it is the man between the consumer and the producer. I have a little paper there that I could read—it is not any bigger than that [showing a small piece of paper]—by which I could demonstrate to the gentleman from Illinois that coffee bought in New York at 12 cents a pound is sold in the United States for 28; and you will see there also that, while the producer gets a dollar or two per quintal, or a cent or two per pound, to make his living, there is the jobber and there is the roaster who gets 2 cents, and others get 3 cents, and another gets 5 cents, and so on. It goes through about eight hands, and everybody gets about three, four, or five times more than the producer; and the coffee is sold for 28 cents a pound.

Mr. BOUTELL. And the consumer gets roasted every time? [Laughter.]

Mr. LARRINAGA. Yes; he gets roasted every time.

The CHAIRMAN. I want to say to you, Mr. Larrinaga, that if you would make a market for your coffee in New York by proper advertisement you would get more for it than you get in France. You would be able to sell your entire 200,000,000 pounds there, if you can raise any such amount, and do a good deal better than you would with this tariff. I have an experience somewhat similar to Mr. Boutell's. Every time I ask a Porto Rican where I can buy some Porto Rican coffee he takes that as a hint that I want him to send me some, and he will send me 20 or 30 pounds of coffee. I got tired of having people do that, because I thought that they thought I was begging for their coffee. I was trying to buy it, but I could not find any place where I could buy it.

Mr. LARRINAGA. I would be willing, in the name of my constituents, to make a bargain with anybody that instead of 5 cents protective duty, they should be given the money necessary to pay for getting to that end, to teach the people of the United States to prefer our coffee to any other coffee. I would make that bargain. It would take a good many years, Mr. Chairman, and a good many hundred thousands of dollars that we have not.

Mr. UNDERWOOD. Let me ask you a question: Is there any more reason why the sugar of Hawaii should have a tariff to protect it than the coffee of Porto Rico?

Mr. LARRINAGA. I have not found one; and I have been looking for it, as I told you, even in the sacred books.

Mr. UNDERWOOD. They both go on the breakfast table together?

Mr. LARRINAGA. Yes, sir.

Mr. UNDERWOOD. And they are both capable of producing a revenue to the Government?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. Is it not a fact that the duty on sugar commenced with a duty for revenue years ago, and that it has been the policy of all parties in the United States to put a tariff duty on sugar for the purpose of revenue?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And that under that there has grown up the cane-sugar industry in the southern States and the beet-sugar industry in the northern States?

Mr. LARRINAGA. Yes, sir; and the rice.

The CHAIRMAN. And the primary object was a revenue out of sugar; that we had a revenue duty upon coffee at one time in the United States that lasted a good many years, and no industry grew up out of it, because we had no possessions in the tropical clime at that time, and could not produce it?

Mr. LARRINAGA. Yes, sir.

The CHAIRMAN. And that the duty was dropped a good many years ago; and that that is the distinction between the sugar duty and the coffee duty, and the reason for it?

Mr. LARRINAGA. And the reason for it, at that time. But now that there are so many territories of the United States producing coffee, there is a reason for a duty. Mr. Chairman, I want it to be distinctly understood that I do not protest in the name of my constituents about protection on everything else. We have always protested on no protection for our main staple.

Mr. HILL. How are you going to educate the people to prepare and use Porto Rican coffee under a tariff if you can not do it under free trade?

Mr. LARRINAGA. Because of this: The minute we get protection, we will have \$5 more per quintal; that will be equivalent to a bounty of 5 cents per pound.

Mr. HILL. Where from? Who is going to buy it and pay the additional amount, if they will not buy it now?

Mr. LARRINAGA. The Brazilian Government will have to withdraw the 1 cent altogether. We will be that margin ahead of them. When they could not sell coffee at \$8 we could sell it at \$13.

Mr. HILL. To whom would you sell it at \$13?

Mr. LARRINAGA. To the people of the United States.

Mr. HILL. You say it is impossible to educate them to prepare it and use it under a reduced price, however?

Mr. LARRINAGA. I do not say that it is impossible; I say it is a long task. Although very little in quantity, we are selling ahead of Brazil in price; we are selling to-day at 13 cents a pound, when they are selling at only 8, I believe. If we get \$5 ahead of them, they can not compete; they will be out of the race, and the people of the United States will take ours.

Mr. CRUMPACKER. You mean you can not compete with the Brazilian coffee on equal terms?

Mr. LARRINAGA. No, sir; not on equal terms. We have cheap labor; we have labor for 30 cents a day, and yet they pay only about 15 cents; so they have even cheaper labor. Our people are starving at 30-cent wages, and yet they get their labor cheaper.

Mr. BONYNGE. Their labor costs 15 cents?

Mr. LARRINAGA. Yes, sir; their labor costs 15 cents per day.

Mr. GRIGGS. Mr. Larrinaga, may I ask you a question?

Mr. LARRINAGA. Certainly.

Mr. GRIGGS. If I understood you—I want to understand you clearly, and you said you wanted to be understood clearly—you are a protectionist on coffee and a free trader on sugar and rice?

Mr. LARRINAGA. No, sir; I am a protectionist all through. I said earlier in my remarks that we are willing to shoulder that protective tax on rice; but as the man who produces the coffee feeds on rice, I believe it is fair that what he produces should be protected just the same.

Mr. GRIGGS. But you want to equalize it?

Mr. LARRINAGA. I do not ask even that much. That 5 cents would represent one million and a half dollars to our people; and yet we are paying two and a half million more in the rice we use. I want a "square deal," as the President puts it. If you want to take off the tariff, take it off from everything else; then we will not ask for any protection on coffee at all.

Mr. GRIGGS. That is a good position to take.

STATEMENT OF ABRAHAM L. LOUISSON, OF HAWAII, WHO ASKS A DUTY OF FIVE CENTS A POUND ON COFFEE.

THURSDAY, November 19, 1903.

Mr. LOUISSON. Mr. Chairman and gentlemen, I have come 5,000 miles to present this case here, and I got in last night at 12 o'clock. The statement that I present to you I have worked on for many years. It relates to the industry as it is to-day and as it will be under protection, as well as to the other phases of the coffee industry, and some of our trade relations with other countries. I therefore crave your kind indulgence for a little while.

In presenting my plea for protection to coffee grown under the American flag it will be my endeavor to array in a concise and brief manner such facts and statements relating to this product so as to unfold before you the possibilities that await us in our insular territories when protection becomes a reality.

Present status of American coffee industry.

The American coffee industry to-day is a weak and struggling infant, when we view its present dimensions, in Porto Rico, Hawaii, and the Philippines.

The production at present in these mentioned territories is about as follows:

	Pounds.
Porto Rico.....	\$40,000,000
Hawaii, about.....	3, 000, 000
The Philippines (for home consumption, 7,000 piculs of 133½ pounds each; none for export).....	930, 000
Total.....	43, 930, 000

We shall now examine the past status of the industry in order named, in each territory, and thus endeavor to get a line on future growth and possibilities when protection is assured.

Present status of Porto Rican industry.

In order to substantiate in authentic manner the facts of the Porto Rican coffee industry, I submit herewith some of the statements by ex-Governor Beekman Winthrop, of Porto Rico, which appeared in the North American Review of January, 1906, as follows:

The United States Census of Porto Rico for 1899 gives the number of coffee plantations at 21,693, and the entire area planted as 193,031 cuerdas (a cuerda being practically equivalent to an acre), thus making an average of only 9 acres per plantation.

The extent of the coffee plantations at that time was also surprising.

According to the same census, 41 per cent of the total cultivated acreage of the island was planted to coffee. To the small owner the cultivation of this product is comparatively easy. But little capital is required, provided the planter can wait the necessary five or six years for the trees to reach maturity. Expensive implements are not necessary, and the laborer, with the aid of his family, can readily cultivate 3 or 4 acres, at the same time devoting a portion of the year to work on the larger plantations. Moreover, conditions of labor on the coffee plantations among the hills under the shade trees are healthier than in the sugar-cane fields on the coast, where there is no protection from the direct rays of the sun.

Another reason of the importance of the industry to Porto Rico arises from the fact that the interior, and by far the greater portion of the island, is mountainous, and therefore well adapted to its cultivation, although not suited for sugar-cane, coconuts, or sea-island cotton.

Thus no other crop can be substituted in its place. Upon it depends the future prosperity or poverty of a very great section of the country.

It can not be denied that the peon, or day laborer, in the coffee regions is very poor—indeed, distressingly so; his house is badly constructed and his clothes are scanty.

Tropical fruits, especially the plantain, grow readily, and with but little labor a crop of potatoes or Indian corn, sufficient to keep body and soul together, can be cultivated. Not a very cheerful picture certainly, but one which points to the necessity of stimulating the coffee industry.

He further says:

The greatest production was, in round numbers, 59,000,000 pounds. And that same can be increased several times through protection.

Thus, three or four times this amount would give us a crop of 117,000,000 to 236,000,000 pounds when amply aided by tariff protection in American markets.

From the magazine *The World of To-day*, in an article by C. H. Forbes-Lindsay, we glean further facts on the industrial past of Porto Rican coffee. He says:

The most remarkable changes have taken place in the industrial economy of the island during the past few years.

In the first period, under Spanish rule, coffee was by far the principal product of Porto Rico. It represented a value more than twice as great as that of the other shipments combined. Upon annexation the protected markets of Spain and Cuba were closed to the Porto Rican planter, and the utmost endeavors to secure for this product a sale in the markets of the United States have failed. The total value of coffee exported in the fiscal year of 1907 was \$4,693,004, as compared with a value of \$12,222,000 in 1897.

Planters are unanimous in their opinion that the salvation of the industry depends upon securing the markets of the United States, or in some form of protection.

Protection of Spanish market.

Spain has an import duty of 12½ cents a pound on the product, and Porto Rico evidently received this amount of protection in the home country. This is something worth while.

The Hawaiian coffee industry.

In Hawaii coffee is a minor industry and its importance as yet is not very great or significant. The present output is in the neighborhood of 3,000,000 pounds annually. The bulk of it is produced in the Kona district, on the large island of Hawaii, where it has struggled along in a haphazard way for many years past. However, the entire group is suited to its culture, with conditions created that are demanded in its cultivation, namely, wind-breaks and shade trees.

Sugar Hawaii's present mainstay.

At present sugar is the mainstay of Hawaii, the production of which for the year 1908 will exceed 500,000 tons.

A short review of the sugar industry proves clearly and convincingly what protection accomplishes, and has accomplished, toward the building up of an industry.

Prior to the reciprocity treaty of 1876 with the United States Hawaii produced about 9,000 tons of sugar annually. The plantations were small and scattered about the group in various localities. All parties connected with the sugar industry prior to 1876 were more or less bankrupt and the ownership of estates was constantly changing hands. No progress as regards a healthy growth and expansion could be discerned. The financial results at that period proved up mostly in losses. But, lo and behold! what a lightning transformation ensued when Hawaiian sugars were admitted free of duty into the markets of the United States. The industry grew by leaps and bounds. The key to the solution, of course, was tariff protection.

Coffee possibilities equally as great in Hawaii.

Hawaii offers as great opportunities in coffee as have been offered in sugar, but it is absolutely necessary, vital, and urgent that this product receive the same exact treatment that has been bestowed upon sugar, as well as practically all of your mainland productions.

Hawaii has an area of 6,449 square miles, whilst Porto Rico figures 3,606 square miles, or about half that of the former.

Taking Porto Rico as the basis of computation, Hawaii's output under favorable and maximum conditions—which would accrue through protection—should be double that of Porto Rico, or say from 200,000,000 to 350,000,000 pounds. With all of the available coffee area under cultivation, the crops would vary from year to year, as coffee, like other fruit-bearing trees, would yield light and heavy crops, no trees being able to stand the strain of a maximum crop yearly. Like other producing trees or bushes, they take on a period of rest and recuperation.

Hawaii and Porto Rico combined should be able to supply about one-half of the demand of the United States.

Mr. Jared G. Smith, former director of the federal experiment station in Hawaii, contributes, in an article on agricultural experiment work to ex-Governor Carter's annual report, some impressive remarks under the subhead of "Coffee investigations," of which the following are excerpts:

There are 300,000 acres of land in Hawaii available for the production of this crop. There is no other industry comparable with the coffee industry for the support and maintenance of a European citizen population. The coffee belt is the most salubrious in the islands, and the whole industry is one to which white men would readily turn their attention, provided the National Government would give this industry the same protection that is afforded to sugar and other crops.

It is my opinion that it is highly probable we may have 500,000 acres suited to its culture, since protection, if ample, would develop unthought-of stretches of country and also divert lands growing other crops to coffee if its cultivation assures better financial returns.

Mr. Smith further remarks:

A duty of 5 cents a pound would lead to the investment of \$100,000,000 of outside capital in Hawaii during the next five years.

Coffee, the infallible Americanizing agent for Hawaii.

President Roosevelt has always expressed himself most emphatically on the desirability of Americanizing Hawaii.

Any student of oriental affairs will clearly discern in Hawaii the one outpost—the buffer territory, so to speak—that should act as the defense of our western slope. By affixing to the soil a permanent Anglo-Saxon, Teutonic, and Latin population, the make-up of future American citizens, we strengthen at once the political status of our country. When the cultivator of comparatively small areas of land can live and thrive out of the results of a paying crop, he becomes a valuable asset to the commonwealth and nation.

The present population of Hawaii is small, figuring about 165,000, whilst Porto Rico, with about half the area, contains 1,000,000.

As heretofore stated, coffee is the industry of the small man, and coupled with the fact that its agricultural features make it the most attractive industry in tropical zones, its power as an agent to populate and Americanize Hawaii can not be controverted.

Hawaii the Malta of the Pacific.

Furthermore, as the United States has appropriated millions of dollars for fortifying Pearl Harbor to make Hawaii the Malta of the Pacific, the manning of these fortifications in times of trouble must come from a yeomanry that has grown up on Hawaiian soil, who have homes thereon and are deeply attached to it.

Henceforth in protection to coffee lies the consummation of this problem. This phase of the coffee issue in itself should warrant serious and favorable consideration at the hands of Congress.

Philippine coffee industry.

The Philippine coffee industry is to-day a minimum factor in the commerce of that territory, the 930,000 pounds now being raised annually not even sufficing for local consumption. The largest pro-

duction obtained was in 1883, when the exports amounted to 16,805,201 pounds. From then on it gradually declined, till now it is but a shadow of its former self.

It is necessary that I make some preliminary explanations of the failure and decline of the industry before citing future possibilities, so that you may intelligently comprehend the chief causes of its decay.

Its decline is due chiefly to two causes, the minor and less important one is that the trees were attacked by various pests, and the secondary and more important one being the fall in the price of the product the world over.

From the literature I have read on the subject of the Philippine coffee industry, as well as that of other countries, coupled with my experience in its culture, I am firmly of the opinion that the industry can be reestablished in the Philippines on a scale of such importance that its former output of 17,000,000 pounds will dwindle into insignificance in comparison.

Must adopt shade culture.

The secret of coffee culture that will last and prevail against all manner of pests is a shade culture. The Philippine culture was an open one (no shade trees interspersed in the fields), the same error as prevailed in Ceylon, where it succumbed to leaf disease (*Himileia vastatrix*). Trees exposed to the continued rays of the sun overbear when young, also suffer in dry spells, which tends to sap the vitality of the plant, so that under adverse conditions it easily falls a prey to disease and decay.

Coffee, when judiciously shaded, is the most vigorous of tropical plants, and no amount of abuse in the way of rough treatment in the picking season, stripping of leaves, etc., through careless handling, can put an end to its existence. The power of recuperation is marvelous.

To enter into detail as regards culture of shade would take up too much of your valuable time.

Let me quote you some authentic remarks by the Tea and Coffee Trade Journal, of New York, April, 1907, number, on the absolute necessity of shade culture.

The editor of the journal mentioned, in his travels the world over on coffee investigations, whilst in India met a Mr. Boyd, of the Santaverre estate, a planter of long experience. He says:

There seems but little doubt that coffee has lasted as long as it has in India owing to the great care exercised in its cultivation by the scientific planter. Mr. Boyd declared that coffee in Ceylon would never have succumbed to leaf disease had it been grown under shade. One has only to see the healthy appearance of the trees at Santaverre to realize the truth of this argument.

I know for a fact that the coffee-leaf disease has been transmitted to Java, India, Sumatra, the Philippines, and other tropical sections, yet this plant lives, flourishes, and produces abundant crops in spite of this blight and others.

In Porto Rico they have a pest termed the leaf miner, yet it is due to shade culture, as adopted there, that the pest becomes practically harmless to the culture and existence of the plant.

In Mexico, all through Central America, Jamaica, Porto Rico, Cuba, Colombia, Venezuela, Peru, Java, and many other countries,

shade is universally adopted and adhered to. Without it coffee would succumb quickly under any adverse conditions should they arise.

These foregoing facts I consider absolutely essential to lay before you so that any and every layman not understanding the primary and essential features necessary to successful and what one may term scientific cultivation can come to some perception of what an immense future the product has in the Philippines when protected by a tariff in the markets of the United States.

Philippine possibilities immense.

The opportunities in the Philippines are so great that even if we did not possess Hawaii or Porto Rico the areas suitable for its cultivation are so astounding and superb that from this standpoint alone the question deserves weighty consideration.

The Philippines have an area of 122,000 square miles, or, in other words, 77,680,000 acres.

Within its confines are millions upon millions of acres suited to the cultivation of coffee where, as formerly stated, the product will thrive successfully when a shade system is adopted.

In confirmation of my assertions as to the Philippine possibilities, I beg to submit herewith some remarks of the editor of the Tea and Coffee Trade Journal, of New York, June, 1907, number.

The editor received his information first hand from Mr. William S. Lyon, the efficient horticulturist in charge of the agricultural department at Manila. He says:

While in Manila I had a very illuminative talk with Mr. Wm. S. Lyon. He had recently returned from a trip through Cebu, Mindanao, Luzon, and Palawan. He informed me that he had seen enough scattered but thrifty and heavily laden trees in the districts traversed to make him feel sure that the area was thoroughly suited to its successful cultivation, and was double that of the whole province of Sao Paulo, of Brazil. The area cultivated in the State of Sao Paulo, Brazil (which produces seven-tenths of the world's supply), is considerably smaller than the island of Cebu, while Mindanao alone, without impinging upon her mountain heights nor trenching upon a single hectare of irrigable paddy lands, has enough suitable territory for coffee to furnish every pound of the world's consumption.

Besides these mentioned islands, just think of the area in this archipelago of numerous islands.

He says further:

The leaf disease, which is largely responsible for the decline of the industry, can be easily combated by scientific means. The same disease attacked the Indian coffee plantations about the same time, yet twenty years afterwards the trees are still in bearing. The reason of their preservation is shade culture.

Continuing, he remarks:

Undoubtedly a tariff on coffee will work wonders for the Philippine coffee industry. Therefore, if the American Government would offer inducements to American capital to invest here the successful cultivation of coffee would be resumed under the direction of American planters working along scientific lines.

Further evidence. Mr. Frederic C. Haskin, an eastern newspaper correspondent who visited the Philippines in 1905, speaks in the following terms of their resources:

P. C. Advertiser, Honolulu.

It is not surprising that the Philippines, being neighbors of Java, should have a great coffee zone. It is claimed that in fully two-fifths of the area of

the archipelago the facilities for coffee raising are ideal. What this means may be better understood when it is remembered that the single State of São Paulo, Brazil, furnishes three-fourths of the world's supply of coffee, and this district is only a fraction of the area of the Philippines, which is capable of producing a better grade. Seeing that the United States is the leading coffee-consuming nation of the world, here is a chance to make ourselves independent of Brazil, who sells us an inferior article, does not appreciate our patronage, and begrudges every dollar she spends with us.

Philippine congressional visit.

It is surprising to me that when the Taft congressional party visited the Philippines—and I knew that you were there, Mr. Chairman, I believe, at the time—in order to ascertain at headquarters the industrial needs of those islands, these facts on coffee did not become known; and it is my opinion and belief that the reasons are as follows:

To begin with, the influential commercial interests of the Philippines are undoubtedly controlled more or less by the stronger and more successful industries, such as sugar and tobacco, and in order to gain tariff concessions for the latter two these interests were certainly not going to forward or push the claims of coffee, which in the nature of things would weaken their own demands.

Coffee is a weak, struggling product in the hands of small growers, who have but little energy or influence to present their possibilities, or who know what future prospects are in store for them if proper legislation is accorded. Consequently, this matter has never come to light as it should have. The authentic facts, as presented by Mr. Lyon, of the agricultural department at Manila, and the information gleaned by Mr. Haskin, certainly place a convincing and illuminative picture before us.

Coffee does not compete with mainland sugar or tobacco.

Another fact, and a most important one in connection with the development of the Philippines, is that coffee does not and can never come into agricultural competition with any mainland-grown product.

We are all aware that the mainland sugar and tobacco interests do not relish competition in their own products from Philippine sources.

But coffee is coffee, it is neither sugar nor tobacco, and no matter how great its future development and expansion becomes it can never do the latter two any harm. In consequence a great share of their future prosperity should rest on coffee, thus offering a partial solution of the problem of aiding them. When coffee is once placed in the column of protected products, millions upon millions of capital will embark in the culture, and not all forces, energy, and attention will drift to sugar and tobacco, even under absolute free trade concessions to the latter two products.

With the foregoing review of the possibilities of this product in our insular territories closed, kindly let me present some other phases that concern this product.

European coffee duties.

Practically all European countries impose an import duty on coffee, and I herewith submit the amounts levied:

	Cents per pound.
Sweden imposes a duty of.....	1½
Great Britain.....	3
Germany.....	4½
Norway.....	6½
Greece.....	6½
Austria-Hungary.....	6½
Portugal.....	6½
Spain.....	12½
Italy.....	13½
France.....	13½

These figures give you some idea how the product is dealt with in Europe.

Minimum duty should be 5 cents.

In the face of these figures the American coffee industry should receive a protection of not less than 5 cents a pound.

Comparison with some other protected products.

If we compare this duty of 5 cents a pound with what mainland industries receive we find it modest and moderate, as for example:

Tobacco, common, unstemmed, duty 35 cents a pound; cost of production approximately 10 cents a pound, thus showing 350 per cent on cost of production.

Tobacco, wrappers, duty \$1.85 a pound; cost of production approximately 35 cents a pound, showing over 500 per cent on cost of production.

Wool, unscoured, duty 11 to 12 cents a pound; cost of production from 5 to 7 cents a pound, or, say, about 200 per cent on cost of production.

Wines, dry California, duty 50 cents a gallon; cost of production approximately 12 cents a gallon, making a duty exceeding 400 per cent on cost of production.

Rice, duty 2 cents a pound. It is claimed this product can be raised in Texas and Louisiana below 3 cents a pound, which would make the duty about 70 per cent on cost of production.

The foregoing are only a few examples of the numerous ones we have in the tariff schedules. Five cents on coffee would barely be 50 per cent on cost, and if we were to demand equal favors, you can readily imagine what I should ask for. I should then petition for something like 20 to 40 cents a pound.

Hawaiian cost of production.

The cost of production in Hawaii is, according to my experience, from 10 to 12 cents a pound, including incidentals, such as shipping, commissions, insurance, etc., excluding interest on investment. No two years successively are identically the same, and it varies according to crops, seasons, labor conditions, etc.

Our cost of help overruns that of Brazil and is far in excess of what is paid in Mexico, all through Central America, Java, and

India, as well as other coffee-producing countries. The latest information I have is that in Mexico the agricultural laborer receives from 40 to 50 cents Mexican silver a day or 20 to 25 cents a day gold, equal to \$5.20 a month gold for twenty-six working days. In all probability wages are on a par with Mexico all through Central America.

We pay a wage rate of \$20 gold a month, and same is rising. If Hawaii is to be Americanized and white European labor in time substituted for Asiatic labor, then the cost of production will increase accordingly.

Such are the facts with which the American producer is confronted, and how is it possible for incoming white settlers, who are to be the builders of the American tropical commonwealth, to live or even exist under such unfair and uneven competition in a market that should be ours by a kindred bond or by political or economic ties?

Cost of production in foreign countries.

The large Brazilian coffee planters are able to produce coffee, laid down in New York and European markets, for $5\frac{1}{2}$ cents a pound, including export duties. Mexico, as well as other South and Central American countries, also our competitors, can produce about as cheaply as Brazil, nevertheless not exceeding in the maximum $6\frac{1}{2}$ cents a pound under less favorable auspices, and this including export taxes imposed by the respective governments, as well as all transportation charges to the country of exportation and sale.

If these coffee-producing countries should ever decide to remove the export duties on our imposing duties on them to protect the American product, then their cost of production will be correspondingly lower. Hence, our minimum rate should never be less than 5 cents. It is a fact, conceded by producers of various products, that the tariff never protects to the full at such periods when the markets are facing excessive production.

Removal of duty a mistake.

The removal of the duty that existed up to May 1, 1872, was a mistake, for no sooner did it take place than Brazil and other South and Central American countries placed export duties on the product. Immense revenues were transferred to foreign treasuries that should have flowed into our own.

Neither did coffee become cheaper, for in 1871, with a duty of 3 cents a pound, we paid Brazil an average of $9\frac{3}{4}$ cents a pound for her coffee, making the coffee cost the importer $12\frac{3}{4}$ cents a pound. In 1872, with coffee on the free list, we paid Brazil $15\frac{3}{4}$ cents a pound; in 1873, $14\frac{9}{10}$ cents a pound; 19 cents in 1875, or an average of $15\frac{1}{10}$ cents a pound, clearly demonstrating that coffee got dearer instead of cheaper.

Restoration of duty will not be felt.

The restoration of a duty on coffee will not be felt to such an extent as some wiseacres and calamity howlers predict, for if we take the import cost of all raw coffees imported into the United States for the calendar year of 1907, of which there were 940,247,312

pounds, we have an import cost at custom-house of 7.64 cents a pound. Add to this cost the sum of 5 cents and the result gives us 12.64 cents a pound, which sum is below the quotations of 1872 and 1875, when coffee was free, and also very much below another period of years, from 1887 to 1897, when Rio No. 7, Brazilian coffee, sold as follows:

In June, 1887, the quotation stood at 21½ cents; in August, 1890, at 19¼ cents; in February, 1893, at 18¾ cents, and in January, 1894, at 18¾ cents.

During this same period, 1887 to 1897, the fluctuations at their lowest ebb show us the following quotations: 12, 14, 15, 12¾, 15¼ cents, and only touched the low-water mark once of 10¼ cents in March, 1888.

Consumer never benefited from free coffee.

The consumer never practically realized the benefit of a depressed coffee market, when importers and dealers were purchasing at low figures in times of surplus production. The retail grocer relies upon coffee and tea to average up profit on sales, since he is compelled to sell very many staples at cost, or a trifle above cost. His profits on roasted coffee are excessive, and he has never found it wise or expedient to cut prices when surplus production affected the market quotation of the raw bean. He was not compelled to do so.

A great portion of the duty will have to come out of his inordinate profit on the article, so that the consumer will hardly be aware any change has been made in economic legislation as regards the purchasing price of this commodity.

Brazilian trade relations.

A brief glance at our trade relations with Brazil reveals a most one-sided commercial arrangement between ourselves and the South American country.

(Extract from Harper's Weekly, April, 1905:)

It may be remembered that as long ago as 1871 Congress repealed the duty out of deference to the protest against taxing the poor man's breakfast table. The repeal did not at the same time benefit the consumer at all, for Brazil immediately imposed an export duty on the commodity, and thus transferred about eight millions annually (at that period) from our own Treasury to her own. Since then it has been calculated that the United States has lost in revenue that might have been derived from Brazilian coffee, more than three hundred million dollars, whilst instead of gaining an equivalent through a great increase in our trade exports to that country, Brazil's trade balance against us since 1871 has amounted in the aggregate to \$1,328,000,000.

This was up to the year 1905. Computing it now four years later with an annual trade balance all the way from eighty-five to ninety millions in her favor, we have a grand total of \$1,700,000,000.

Just imagine what the financial results in our country would be if our trade relations with the rest of the leading commercial nations would drift in this direction. Why, in a very few years, with enormous trade balances against us to be settled in gold, we should be a poverty-stricken and bankrupt nation.

Duty will force trading concessions.

This illustration shows us most clearly what benefits we should derive by putting a dual tariff on coffee, namely, a minimum and

maximum rate, so as to force trading concessions from Brazil and other countries dealing with us on such a one-sided basis. Place coffee in the maximum schedule and grant them some concessions when we begin to have evidence that our trade relations are becoming more equitable.

Such an arrangement will certainly increase our export trade into large figures annually, thus benefiting our manufacturing interests throughout the country, besides giving aid to our insular territories.

Cuba protects coffee.

In passing, I should like to draw attention to the fact as to what Cuba is doing to rehabilitate her once flourishing coffee industry.

Prior to the era of sugar it was her chief crop. In 1846 the output exceeded 50,000,000 pounds, comprising the yield of 2,000 plantations. Low prices, due to Brazilian and West Indian competition, with subsequent neglect of plantations, saw the decay of the industry and the substitution of the more profitable industry of sugar.

She has placed an import duty of \$18.70 gold per 100 kilos, or 8½ cents per pound, on the product of other countries, and to-day new groves are being constantly set out and the industry expanding in order to supply her home demands first. Thus it has become a most profitable crop.

This clearly demonstrates the urgent necessity of how much the American coffee industry needs the fostering care of protection.

Should Cuba become annexed to the United States, we will add another territory to the list capable of supplying us with this product.

A word on protection.

It seems a superfluity for me or anyone else to comment on the wonderful vitalizing effect protection has wrought on the industrial growth of our nation. The result is seen on every hand, in every section of the commonwealth, North, South, East, and West, in every nook and corner of our country. Through its creative power we have become the richest land on the face of the globe.

The tariff to protect is therefore clearly constructive in its operations for the material welfare of the people.

The United States to-day is a larger, a broader, a greater United States than she was before the Spanish war, and we see that the eagle's wings have stretched out beyond the seas to tropical skies and lands where the grand and uplifting power of our flag, if true to traditions, should elevate these our tropical people to a higher standard of civilization. The basis of such a realization must be founded on a material prosperity emanating from the industries of the soil.

This means that a new group of industries, especially tropical ones, will seek protection in the great markets of the United States.

In studying over the tariff schedules I hardly perceive any industry of the mainland that does not enjoy some degree of protection, in fact, the rate of protection seems exceedingly high in instances, amounting practically from 80 to 400 per cent on cost of production.

A readjustment in some lines is essential to establish a just and fair equilibrium, especially when some have no aid in any manner whatsoever.

One often hears the phrase, antiquated and worn out, and with no basis of justification, that "It would not do to tax the poor man or the consumer." But let us stop to consider and analyze this deceptive phrase.

The poor man, and in fact the consumer, is everybody. In fact, everybody in our country, no matter what his vocation in life, directly or indirectly, has his existence, his livelihood, and what not, by the prosperity of protected industries of the community about him, yea, of his State and nation.

Since this is indisputable and he can not gainsay it, then why should he, the consumer, or, in short, everybody, refuse the identical aid, the identical medium of salvation to his kinsmen, or, better stated, those tropical sections of the national domain which now hail the flag of the United States of America as their national emblem?

If the consumer, who practically exists through protection, can not see the justice of this claim and argument, then why not suggest to him, whoever he may be or wherever he may be, the following:

Let us have free trade in all things—in yours and mine!

If protection, then protection in all things—in yours and mine!

If I understand the spirit and meaning of the Constitution we live under, which vouchsafes inherently to every industry and every individual an equal chance for happiness, life, and existence, then I, as an American citizen, plead for protection to the American coffee industry that exists and that desires to grow and expand in our tropical domain, namely, Porto Rico, Hawaii, and the Philippines. Grant us all the blessings that our flag bestows.

I should like to present here an affidavit on the cost of labor in Central America.

The CHAIRMAN. Just file that. Do not stop to read it.

(The affidavit referred to is as follows:)

HONOLULU, HAWAII, *October 5, 1908.*

I, R. N. Overend, a citizen of the United States, being duly sworn, depose and say that I have resided in Central America for a period of five years, namely, from 1892 to 1898, and that I am thoroughly familiar with the rate of wages paid to laborers on the coffee plantations and estates, as I was engaged as general superintendent of several branches of work on the coffee fincas.

In Guatemala the laborer receives 3 reales, or 37½ cents Guatemala money, a day, equal to about 10 cents American money at the present rate of exchange.

In Mexico the rate of wages for field hands is from 40 to 50 cents Mexican silver a day, or equivalent to 20 and 25 cents gold.

The rate of wages in Costa Rica and San Salvador is on a par with that of Mexico. The coffee growers of this entire region receive immense advantages, as they grow their product for silver and sell for gold in American and European markets, which, when converted into their respective currency, signifies abundant and cheap money, or, in other words, the lowest standard of wages.

R. M. OVEREND.

Subscribed and sworn to this 5th day of October, A. D. 1908, before me.

[L. S.]

J. M. MONSARRAT,
*Notary Public for the First Judicial Circuit of the
Territory of Hawaii.*

Mr. LOUISON. If there is anything that you would like to ask me on this subject, I shall be glad to answer it, since I am a grower myself. I have had eleven years' experience.

The CHAIRMAN. Have the members of the committee any questions to ask the gentleman?

Mr. UNDERWOOD. To what extent do you think you can develop the coffee industry in Hawaii if you have an opportunity?

Mr. LOUISSON. I think it would grow so fast that it would surprise the people of the United States. I have lived in Hawaii since I was a child. I know the country from one end to another. I know the history of the islands, economical and industrial. Our sugar industry never went ahead until we got a reciprocity treaty. My father came to the islands in 1866. If we ever get protection on coffee, it is going to go ahead with gigantic strides.

Mr. UNDERWOOD. Here is what I mean; it is a practical proposition: How many acres of coffee land have you?

Mr. LOUISSON. I think we have 300 acres easily available in Hawaii.

Mr. UNDERWOOD. Do you mean 300 acres?

Mr. LOUISSON. Three hundred thousand acres; maybe 500,000 acres.

Mr. UNDERWOOD. How much coffee could you grow to an acre if it were developed?

Mr. LOUISSON. Let us take the medium estimate, because some years crops are heavy and other years they are light. At the rate of, say, 600 pounds to the acre, with 300,000 acres you would have 180,000,000 pounds.

Mr. UNDERWOOD. You think you could produce that much in Hawaii, do you?

Mr. LOUISSON. Yes, sir; maybe more in twenty-five years if it was kept on. Sugar has had it for thirty-five years, and from 9,000 tons it has gone up to a production of 500,000 tons.

Mr. UNDERWOOD. Does the coffee crop which you have amount to anything at all?

Mr. LOUISSON. This year it will be 4,000,000 pounds. The crop is larger this year than last, but it is at a standstill.

Mr. UNDERWOOD. How long does it take you to plant a tree and develop the industry?

Mr. LOUISSON. It takes from four to five years in Hawaii for the trees to mature—that is to say, when they are full bearing.

Mr. UNDERWOOD. That is all I want to ask.

Mr. CLARK. How many people are there in the Sandwich Islands?

Mr. LOUISSON. One hundred and sixty-five thousand.

Mr. CLARK. How many Japanese are there?

Mr. LOUISSON. Pretty nearly one-half.

Mr. CLARK. How many Chinese?

Mr. LOUISSON. I do not think there are over 10,000—ten or twelve or fifteen thousand.

Mr. CLARK. Nearly all the Japanese you have out there are men, are they not?

Mr. LOUISSON. There are a great many women.

Mr. CLARK. What is the proportion of men and women?

Mr. LOUISSON. I think there are 75,000 Japanese in the islands. I should say—you know I have not been making a study of the statistics on population.

Mr. CLARK. I know; but you have come here as an expert.

Mr. LOUISSON. On coffee; not on citizens; on coffee.

Mr. CLARK. You have come here to enlighten this committee about the Sandwich Islands, and I want some information from you.

Mr. LOUISSON. All right, sir.

Mr. CLARK. What is the proportion of Japanese men and women in those islands?

Mr. LOUISSON. Four to one, I think.

Mr. CLARK. What about the Chinese?

Mr. LOUISSON. There are very few women among them. The Chinese, you know, never make a habit of having—

Mr. CLARK. You need not give the reasons.

Mr. LOUISSON. There are very few—very few Chinese women.

Mr. CLARK. How many white people does that leave out there?

Mr. LOUISSON. How many white people are there in the islands?

Mr. CLARK. Yes.

Mr. LOUISSON. With white people we include, of course, all Europeans who are whites. Oh, I should judge about 15,000.

Mr. CLARK. Very few of them are engaged in the agricultural business, except in running plantations?

Mr. LOUISSON. The Portuguese are engaged in agriculture, and they are whites.

Mr. CLARK. I know; but the Americans and the Germans and the English and the Scotch and the Irish find something else to do?

Mr. LOUISSON. The managers of all the plantations are white men, and the overseers.

Mr. CLARK. But all this wage that you have been talking about goes to Japanese and Chinese?

Mr. LOUISSON. At present; yes.

Mr. CLARK. And it always will, will it not?

Mr. LOUISSON. It will not in the future.

Mr. CLARK. Wait a minute, now. It would have been worse than that at this very minute if Congress had passed the bill that Mr. Hayes had up here, to suspend the contract-labor laws for a certain number of years so as to let some more in, would it not?

Mr. LOUISSON. I suppose you people know about as much about that as I do.

Mr. CLARK. Well, you know about that, too?

Mr. LOUISSON. Yes; certainly, certainly.

Mr. CLARK. What is the labor cost of producing an acre of coffee?

Mr. LOUISSON. I will tell you, gentlemen. I have Japanese on my plantation there, and no other labor. I can not help myself. I pay my men from nineteen to twenty dollars a month gold.

Mr. CLARK. That was not what I was asking you. I asked you what was the labor cost of raising an acre of coffee?

Mr. LOUISSON. An acre of coffee?

Mr. CLARK. Yes; an acre of coffee trees. You know what the cost of raising an acre is, do you not?

Mr. LOUISSON. Oh, do you mean to plant the trees and wait until they come into bearing?

Mr. CLARK. No; I do not mean any such thing. I mean what is the labor cost of cultivating an acre of coffee and harvesting it and getting it where you sell it there or where you gather it together?

Mr. LOUISSON. What do you want to know—the cost of the product?

The CHAIRMAN. The annual cost. He does not mean setting out the plants, but the annual cost.

Mr. LOUISSON. Well, that is a puzzle. I do not know what you are getting at.

Mr. CLARK. How much will it cost you to take care of an acre of coffee trees next year?

Mr. LOUISSON. An acre of coffee trees?

Mr. CLARK. And harvest the crop and get it to the place where they concentrate it for the purpose of shipping?

Mr. LOUISSON. You see, my old trees cost me less than my young trees, because they cover the ground better, and the weeds do not grow.

Mr. CLARK. Wait a minute; take an acre that is already in bearing.

Mr. LOUISSON. All right. You want the labor cost per month?

Mr. CLARK. The labor cost for twelve months. It takes twelve months to raise a crop of coffee, does it not?

Mr. LOUISSON. Yes; it is from year to year. Well, I know what the coffee costs me laid down in San Francisco.

Mr. CLARK. How much does it cost you to get it prepared to send to San Francisco? That is what I want to know.

Mr. LOUISSON. Oh! From 10 to 12 cents a pound.

Mr. CLARK. I am not talking about that. How many pounds are there to the acre?

Mr. LOUISSON. About 600, on the average.

Mr. CLARK. What do you count in that 10 or 12 cents?

Mr. LOUISSON. I count the hoeing of my fields, the picking, the conveying to the mill, the milling, the teaming to the landing, the freight to the port of shipment—

Mr. CLARK. And interest on the money?

Mr. LOUISSON. I beg your pardon; I have never gotten any interest on my money yet.

Mr. CLARK. It costs you 10 or 12 cents to get it to San Francisco, and you sell it for 10 or 11 after you get it there?

Mr. LOUISSON. Yes, sir.

Mr. CLARK. And how long have you been in the business?

Mr. LOUISSON. Eleven years, sir.

Mr. CLARK. And how much money did you have when you started in?

Mr. LOUISSON. We put in about fifty or sixty thousand dollars.

Mr. CLARK. And how much money have you got left?

Mr. LOUISSON. I have got it all in there yet.

Mr. CLARK. How much is that thing worth?

Mr. LOUISSON. I could not sell it for that.

Mr. CLARK. Why do you not get out, then?

Mr. LOUISSON. I can not get out.

Mr. CLARK. Oh, yes; you can.

Mr. LOUISSON. No; I can not. I am like the man that had the bear by the tail; I have got to hold on. I am holding on until something better comes along.

Mr. CLARK. Now, another thing: You talk about how much coffee they can raise in the Philippine Islands, and the extent of land in the Philippine Islands. Do you not know that ten-elevenths of the land in the Philippine Islands is fit for no agricultural purpose under heaven, and never can be made fit for it?

Mr. LOUISSON. Have you been in the Philippines?

Mr. CLARK. No; but there is a man, sitting over there (referring to Mr. Hill), that has been in the Philippines, and knows more about them than anybody in Washington.

Mr. LOUISSON. I think the statement of Mr. William S. Lyon, who is a federal official there, should carry some weight.

Mr. CLARK. I think that the statement of a Member of Congress from Connecticut ought to carry some weight, too.

Mr. LOUISSON. Certainly it does; but this man happens to be an agriculturist.

Mr. CLARK. So is this one.

The CHAIRMAN. Not a farmer.

Mr. CLARK. Do you not know now, as a matter of fact, that ten-elevenths of the entire Philippine Archipelago is of no earthly account for any agricultural purpose?

Mr. LOUISSON. Why, my dear sir, if the United States will put a tariff on coffee, and I had my money to-day, I would go to the Philippine Islands to raise coffee.

Mr. CLARK. I wish you would.

Mr. LOUISSON. Yes, sir; because I know something of the Philippines—I have read something of them.

Mr. CLARK. You think, do you, that the entire American people ought to be taxed \$50,000,000 a year to build up the coffee industry in the Sandwich Islands and in the Philippines?

Mr. LOUISSON. My dear sir, I will answer that question with this article that I cut out yesterday, and which is opportune at this point; so I will bring it in here. I quote Mr. Herman Sielcken, the coffee king of the United States.

The CHAIRMAN. It is not necessary to read that whole article.

Mr. LOUISSON. No; I will just read the last part of it. He says:

When roasted coffee is selling from 15 to 40 cents a pound, and the green bean from 6 to 10 cents, why should a buyer break his neck in trying to ascertain what the future holds in store? He can buy his coffee, roast it, and make money.

The roaster makes it all.

Mr. CLARK. I know; but you did not answer my question.

Mr. LOUISSON. Well, I say——

Mr. CLARK. That quotation is no answer to it. Do you think that the American people ought to be taxed \$50,000,000 a year on coffee in order to set those fellows over in the Philippines to raising coffee?

Mr. LOUISSON. It is my opinion, my dear sir, that they will never feel this tax.

Mr. CLARK. I have not asked you that, and I do not want to hear it. I asked you why you think they ought to be taxed to do that.

Mr. LOUISSON. I do not happen to be a Member of Congress, and I have nothing to say on the matter, sir, and I can not answer that question.

Mr. CLARK. All right.

**STATEMENT OF BARRY MOHUN, OF WASHINGTON, D. C., WHO
ADVOCATES A DIFFERENTIAL ON COFFEE IN THE SHELL PRO-
VIDED THE BEAN BE MADE DUTIABLE.**

THURSDAY, *November 19, 1908.*

Mr. MOHUN. Mr. Chairman and members of the committee, I know that you are tired, and I shall confine myself to five minutes, as you have stated, unless I am interrupted by questions. I represent business men in San Francisco engaged in the business of removing the shell from coffee.

I appear before you simply to advocate a differential on coffee in the shell (or in the "pergamino," as it is called) in the event that the committee concludes to place a duty on coffee at all. We ask this differential because the cost of shelling coffee in this country is more than double the cost in Central America. Here it costs 25 cents a hundred pounds to shell coffee and in Central America it costs from 10 to 12 cents. In addition to this, there is a loss in weight of about 20 per cent. That is, 1 pound of clean coffee before it is removed from the shell weighs $1\frac{1}{4}$ pounds in the shell. If the committee, for example, should determine to report to Congress a duty, say, of 3 cents a pound on clean coffee, we think, for the reasons I have stated, that a duty of 2 cents a pound upon coffee in the shell should be imposed—that is, in the ratio of one-third.

As a further reason, I submit that the difference would lead to a great increase in the importation of coffee in the shell, and that is desirable, because, as probably each member of the committee is aware, the United States is discriminated against when coffee is sent here in the bean. The poorer grades come to the United States and the better grades are sent to Europe. If it is sent in here in the shell, it is impossible to tell which is the best grade of coffee. Not only would sending it in the shell increase the amount of American labor to be bestowed upon the coffee, but it would necessarily lead to a better grade of coffee coming to this country.

In San Francisco at the present time there is invested in concerns which are engaged in removing the shell about twenty-five to thirty thousand dollars. This is a struggling industry there, although the amount so invested in New York is larger.

I present herewith a schedule, which I will ask to be incorporated in my remarks, and shall not read, except to say that in San Francisco in one year there were 294,050 bags imported, of which 50,000 bags were coffee in the shell. The proportion in New York and New Orleans of coffee in the shell is probably the same.

I think that if the committee concludes to recommend a duty on coffee at all the proposition to have a differential in favor of coffee in the shell is certainly reasonable.

(The paper referred to by Mr. Mohun is as follows:)

Importations of coffee into the ports of New York, San Francisco, and New Orleans during the year 1907.

The importation into these three ports represents more than nine-tenths of the total importation into the United States.

	Bags.	Pounds.	Value.
New York.....	5,260,244	705,443,114	\$55,675,843
New Orleans.....	1,684,508	230,204,214	17,115,074
San Francisco.....	* 294,050	38,412,593	4,402,386
Total.....	7,238,802	974,059,921	77,193,303

* Of which 50,000 bags was coffee in the shell.

HON. J. KALANIANA'OLE, DELEGATE FROM HAWAII, ADVOCATES A REVENUE DUTY OF FIVE CENTS ON COFFEE.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Hawaii does not ask nor expect that a duty be placed on coffee merely for the protection of Hawaii, Porto Rico, and the Philippines. In other words, we do not ask that the people of the United States shall be taxed for the mere purpose of building up the coffee industry in the insular portions of the United States.

We do, however, strongly contend that if an additional revenue source is required in the new tariff law, as is likely to be the case, there is no other staple upon which the imposition of a new or added duty would have so small a proportion of that duty added to the actual consumer's cost as on coffee.

The reasons for this are twofold. The first of these is so clear as to admit of no denial.

When coffee was placed on the free list in this country, in 1873, the coffee-producing States of Brazil imposed an export tax on coffee. The result has been that about \$380,000,000 has gone into the Brazilian treasuries from this source. Every dollar of this could have gone into our Federal Treasury through a coffee tariff without adding to the consumer's cost in this country.

The export tax is still in force in Brazil, varying in amount from 1 to 3 cents per pound.

A tariff on coffee would, to the extent of the foreign export tax, simply transfer that amount of income from the Brazilian to the United States Treasury without affecting the consumer one iota.

The second reason why a tariff on coffee would affect the consumer but little is found in the fact that coffee is retailed at a high margin of profit above the import price. Coffee imported at 8 cents costs the consumer 20 cents per pound, with higher grades in proportion.

Price records prove that the removal of the coffee tariff has not reduced the cost of coffee to the consumer in proportion to the world's

prices. The additional profit has simply gone to the jobber, the roaster, and the middleman.

Protected staples, such as flour and sugar, are sold to the consumer at a very narrow margin of profit; on the other hand, duty-free coffee is made to yield a very high profit to the dealer.

If a duty of 5 cents per pound were placed on coffee, it would first of all knock out the foreign tax which is already borne by the consumer.

The difference between the foreign tax and a duty of 5 cents would very largely come out of the middlemen's profit; the actual added cost to the consumer would be very small.

There is no reason why the consumer should not pay a small tax on coffee, the same as on any other food or stimulant. Talk of a free breakfast table is an illogical absurdity. Why should the breakfast eater pay duty on the chair and rug on which he sits, on the very table from which he breakfasts, the linen, cutlery, and dishes that equip it, the tin pot in which the coffee is made, the cup that contains it, the sugar that goes into it, and the spoon that stirs it, and not pay the pittance of tax that would be added on his coffee?

Moreover, there is no longer the reason to offer for retaining coffee on the free list "that there is no domestic production." In both Hawaii and Porto Rico coffee is already a staple product.

In Porto Rico coffee was the chief product a few years ago. In both Hawaii and Porto Rico the coffee industry was encouraged by the former governments; in both countries the industry has gone backward under the American flag because of the lack of protection. The loss in Hawaii has been far more than the mere wiping out of invested capital. It has been an almost fatal blow to an industry which made most possible a citizen landowning and land-tilling class.

Coffee growing is preeminently the small man's industry; it can be carried on on a small scale, and affords suitable labor for all members of the family. No form of agriculture is better adapted for the small independent owner.

A tariff on coffee would produce a large revenue; but, in addition, it would directly and chiefly benefit the small landholder and the farming class. This is the class of people that must be encouraged in the new subtropical parts of our nation if they are ever to become Americanized.

Nor can it fairly be said that the number of people to be benefited by coffee protection is too small. The numbers of coffee growers that would be immediately benefited by a duty on coffee far exceeds even the present total of all persons engaged in tin-plate manufacture in this country; yet no one who believes in a protective tariff at all would now question the wisdom of having made that industry possible in the United States through protection.

The majority sentiment of this country probably desires that the new outlying parts of the United States shall be developed in a manner to give a possible home and a profitable independent landholding to the agricultural classes, and not merely to swell the commerce of those countries by production through large corporate operations. In Hawaii, Porto Rico, and the Philippines there is no form of agriculture better adapted to the small landowner or farmer class than is coffee, if reasonably encouraged.

Your committee is deeply interested in the development of the Philippine Islands, having already reported a bill to reduce the tariff on Philippine products.

If the object sought be to benefit the individual Filipino rather than merely to swell the total commerce of the islands, a tariff on coffee with free entry of Philippine coffee will be one of the most practical means of achieving that end.

Much has been said about free entry for Philippine sugar; but anyone acquainted with cane-sugar production knows that it is necessarily the industry of large plantations and corporations exclusively. A proper protection for coffee and its free admission from the Philippines would benefit the individual Filipino ten times more than according the same conditions on sugar. No well-informed person believes that the cane-sugar industry in the Philippines would greatly benefit the individual Filipino; it would simply afford a field for corporate capital; but the encouragement of coffee growing there, as in Porto Rico and Hawaii, would be of direct assistance to that most important class in any country—the small agriculturalist.

There can be no question that the difference in cost of production calls for protection of coffee growing under the American flag as against Central and South America.

Labor for coffee cultivation in Hawaii costs from 80 cents to \$1 per day.

In Brazil wages are only the equivalent of 10, 15, and 20 cents per day.

In Guatemala wages are only the equivalent of from 10 to 12 cents per day.

In Mexico, and generally in Central America, wages are the equivalent of from 18 to 25 cents per day.

The low prices at which those coffees are sold in New York show conclusively their very low cost of production.

It is a noticeable fact that, with the exception of Mexico, every coffee-producing country sells us far more goods than it buys in our market.

The excess of their sales to us in 1907 over their purchases was as follows:

Country.	Excess.	Per cent of excess.
Costa Rica.....	\$2,494,000	200
Guatemala.....	1,023,000	140
Honduras.....	463,000	125
Venezuela.....	4,827,000	255
Brazil.....	79,183,000	523

This shows conclusively that free coffee does not extend our own export trade to coffee-producing countries. Since the Dingley bill went into operation our exports to Brazil have increased only \$5,379,000, while our imports from Brazil have increased \$36,131,000. In other words, our imports have increased seven times as fast as our exports.

A tariff policy that produces such results as this is indefensible from either a revenue or a protective basis.

If we wish to extend our trade with Brazil, it will be necessary to do more than to exchange friendly visits and assurances of good will. A maximum tariff of 5 cents per pound on coffee with a minimum of 3 cents, would afford the means of securing more export trade with Brazil than our present system of free coffee, with no leverage for securing trade benefits in return for the entrance to the greatest coffee-consuming country in the world.

Even free-trade England imposes a duty of 3.4 cents per pound on coffee. Germany levies 4.3 cents, Russia, 8.4 cents, and France, Italy, and Spain from 11.9 to 13.2 cents per pound.

A maximum-minimum tariff of 5 cents—3 cents on coffee would yield from thirty to fifty millions of revenue annually.

As only the smaller part of this would come out of the consumer, for reasons above stated, and as it would greatly benefit the most desirable agricultural classes in all the insular parts of our country, it is hoped that such a duty will be favorably considered and written into the coming tariff bill.

J. KALANIANA'OLE,
Delegate from Hawaii.

**HON. H. M. COUDREY, M. C., FILES LETTER OF C. F. BLANKE, OF
ST. LOUIS, MO., OPPOSING DUTY ON COFFEE.**

ST. LOUIS, *December 2, 1908.*

Hon. HARRY COUDREY, *City.*

DEAR SIR: I note in an associated news dispatch, a contemplated duty of 3 cents a pound on coffee. This same news item says that the committee considered "that this additional duty would not increase the price to the consumer." A duty on coffee, no matter how much that duty would be, would be the most unpopular duty that could be imposed. It would naturally be paid by the poor and middle class. Three cents a pound tax would be an additional cost to the retailer of 5 cents a pound, which he would be obliged to add to the retail price of his coffees. This additional cost might be taken from the dealer's profit, and possibly a little from the jobber's profit on the highest priced coffee, bought by the wealthy people, but the cheaper grades would necessarily have to be sold to the consumers for at least 5 cents a pound more. It would compel the jobber and roaster to advance their prices to the dealer 4 cents a pound. Shrinkage on roasted coffee is figured at 16 per cent or 16 pounds to 100 pounds. This would mean 48 cents on 100 pounds, or within 2 cents from being $\frac{1}{2}$ cent a pound, that the shrinkage would cost.

The selling expense and cost of doing business for the jobber is 15 per cent and over. This would add another additional one-half cent to the jobber, compelling him to get 4 cents a pound more from the dealer. It costs the dealer very nearly 20 per cent to do business, so the additional cost to the dealer would be about 5 cents a pound, which of course the consumer would have to pay.

I hope that you will use your influence for the benefit of your constituents to discourage this tax on coffee.

Yours, very truly,

C. F. BLANKE,
Importer of Tea, Coffee, and Spices.

PORTO RICO REPRESENTATIVES ASK FOR THE IMPOSITION OF A DUTY OF SIX CENTS PER POUND ON COFFEE.

PONCE, PORTO RICO, *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: When the Congress of the United States passed the Dingley bill as "An act to provide revenue for the Government and to protect the industries of the United States," it indorsed thereby the economic history of the American people.

When in the last elections the Republican party triumphed, the people of the United States reaffirmed their confidence in the protective system and to that party intrusted the welfare at present enjoyed.

When, by virtue of the Foraker Act, the legislative assembly of Porto Rico and the President of the United States established free trade between our island and the American Union, the producing and consuming population of the United States was increased by one million. And that same declaration of free trade, with the attendant increase of the economic population of the United States, created for Porto Rico a totally distinct economic state, necessarily imposing upon us new duties, but, at the same time, conceding new rights—in an economic sense.

The duties were such as spring from a system of protection by which the consumer consents to pay high prices for the necessities of life, thereby encouraging and supporting the domestic industries and assuring to the workmen of the country a fair wage.

The rights were such as should be converted into veritable privileges for the products of our soil and of our industries, if to them be extended with equity and justice all the advantages of the protective system which was in full sway in the powerful nation which we entered to form a part of, economically.

When the treaty of commerce with Cuba went into effect, although no mention of Porto Rico is made therein, it was understood, nevertheless, that article 2 of that treaty applied to our coffee, which was thereby declared, by act and by right, a product of the United States—that is, a national industry.

Now, whatever may be the excellence of the principles, theories, and systems which enter as factors in the social, political, or economic development of nations, those principles, theories, and systems must be applied with entire equity and absolute justice in order to be fruitful of good results. The protective system, from the moment that its influence ceases to benefit equally all interests, becomes necessarily injurious and is no longer equitable and just. This is precisely what has happened in Porto Rico.

Suppose for a moment that the States comprised in the territory of the Louisiana purchase—to-day great producers of rice and sugar—were still a dependency of France, and that, by fortune of war or as a result of diplomatic negotiations, they should fall under the control of the United States.

Suppose, also, that in your tariff, although it is protective to the extreme, sugar were listed among the free articles. What would be the situation thereby created? The inevitable ruin of the sugar industry, as well as of all those interests connected therewith, and,

finally, misery for a large proportion of the inhabitants of those States. Would it, we ask, be altogether equitable or fair that such a condition should obtain in a country which, besides being protectionist, proudly proclaims as a motto peculiarly its own, "Equal rights for all, privileges for none?" This, however, has been and is virtually the condition of Porto Rico since the declaration of the free trade. Our coffee is exactly in the position in which the sugar of Louisiana would be if the supposed condition were a reality.

For such reasons and for others which will be developed in the course of this memorial the Porto Rican coffee planters and the merchants of the island here assembled in convention petition the Congress of the United States:

First. That coffee be taken from the list of free articles of the Dingley tariff or of any other tariff which hereafter may be adopted by Congress.

Second. That a duty of at least 6 cents a pound be imposed on all foreign coffee imported into the United States.

In the foregoing we simply ask the correction of what we conceive to have been an error. With the extension of the protective system to this industry we seek justice in order to promote the general welfare of our fellow-citizens, and we submit to the consideration of Congress the reasons upon which we base our petition.

REASONS FROM AN AGRICULTURAL AND TECHNICAL STANDPOINT.

Of the land under cultivation in Porto Rico to-day about 175,000 acres are devoted to coffee, and it is not too much to say that with adequate stimulus up to 500,000 acres could easily be planted. It is a fact clearly proved that the soil suitable for coffee can not profitably be used for any other crop. Very certain, therefore, is it that this soil can yield returns only when planted with coffee. The explanation is simple: Coffee is produced in the interior of the island, which is mountainous. As its roots do not extend far below the surface, it does not require a very deep layer of soil. These roots and those of the trees which supply the shade necessary for coffee cultivation assure the stability of the soil by preventing the washing away of the vegetal stratum, which would necessarily occur on the steep slopes of the interior on account of the almost constant rains that prevail in that region. In a few years these lands would become unproductive, as all those that have already been cleared in order to plant other crops now are.

As supplementary to the preceding, it seems fitting to recall a portion of an article written by one who was formerly governor of Porto Rico, the Hon. Beekman Winthrop, and published in the *North American Review* for January, 1906, from which we quote the following:

Moreover, conditions of labor on coffee plantations among the hills and under shade trees are healthier than in the sugar-cane field on the coast, where there is no protection from the direct rays of the sun. Another reason for the importance of coffee to Porto Rico arises from the fact that the interior and by far the greater portion of the island is mountainous, and therefore well adapted to the cultivation of coffee, although not suitable for plantations of sugar cane, coconuts, or sea-island cotton. Thus, no other crop can be substituted in its place. Upon the future of this product depends the prosperity or poverty of a very great section of the country.

Therefore, neither the abandonment of the cultivation of coffee in Porto Rico nor the substitution of any other crop can be considered. Not only do the peculiar conditions of our soil prevent such a change, but it should not be forgotten that this is the most widely distributed of our industries, including over 21,000 landholders who are entirely dependent thereon and who are almost entirely Porto Ricans. Moreover, this industry affords the laborer of the mountains the opportunity of becoming a small proprietor and supports almost all the mountain population of the island. The future would hold nothing in store for these people but absolute misery if coffee should be abandoned, as there surely would not be enough work in the other industries to employ all the hands that would become idle.

It has been said by some, and more than once set forth in official reports, that the reestablishment of the coffee industry should be sought, not through protection, but through an increased production, relying on more modern methods of cultivation, improving the quality of the stock, employing proper fertilizers, and widely advertising our product.

Neither the coffee growers nor the people at large ignore the value of the application of modern methods to this, as well as to other industries. But can this much be demanded of the coffee industry, which, due to diverse causes, some stronger than others, is still, as we may say, convalescent from a most serious crisis? First came the loss of the Spanish market; second, the hurricane; then the change in currency; and, lastly, the general decline in prices, the effects of which have been felt here with more intensity than in the other coffee-producing countries where the economic and labor conditions are totally distinct from ours.

As regards advertising, it suffices to observe to those who suggest the same as a remedy that ten years ago not 1 pound of American rice was consumed here. To-day the consumption exceeds 100,000,000 pounds. Yet, not an American producer has spent a single cent in advertising this commodity, because they well know that the import duty of 2 cents a pound on foreign rice assured them the Porto Rican market.

On the other hand, the scantiness of the production of coffee among us at the present time can not serve as an argument against the protection which we seek. Everyone knows that all regions are not equally productive. For example, few are unaware of the fact that the yield of cane per acre in Hawaii is infinitely larger than it is in Louisiana. Nevertheless, it has occurred to no one to suggest the suppression of protection for the sugar in that State.

REASONS FROM AN ECONOMIC AND COMMERCIAL STANDPOINT.

It may be considered as a postulate of protectionism that every consumer is a partial protector in proportion to what he consumes. From this is necessarily derived the other postulate, that every producer has the right to be protected.

One-half of the inhabitants of the island live in the interior and depend almost exclusively for their greater or lesser well-being on the favorable or unfavorable outcome of the coffee crop. That mass of our population must feed and clothe themselves with American products, because the Dingley tariff will not permit otherwise. Those

products are purchased at domestic prices—that is to say, at the advanced prices which the tariff allows—because the import duty is so calculated as to prevent outside competition.

From this it may be seen that in their capacity as American consumers they support in the same proportion as do the consumers of the States the industries of the nation, and if, like them, they suffer the inconveniences of the tariff, their claim to enjoy any advantage thereunder is certainly no more than just.

It is likewise another postulate of protectionism and constitutes one of its principal tenets that, so far as possible, a country should produce what it consumes; and the protective duties to a large extent are due to this principle and to the desire to pay remunerative wages.

It lies within the power of the American Congress to determine whether these postulates shall be carried out within a relatively short space of time. Since the treaty of Paris the American flag waves over territory with soil suitable and sufficient in extent to enable the nation, within ten or fifteen years, to produce within its boundaries the approximately 9,000,000 hundredweight of coffee which the American people consume annually. The \$90,000,000 that are now paid for this commodity to foreigners would then remain in the country, being exchanged for American products of American industries.

It is not unreasonable to predict that, under a régime of protection as efficient as that which favors so many other industries, the Philippines, Hawaii, and Porto Rico will produce within a short time the coffee necessary for the needs of the whole nation.

Eloquent proof of what protection may accomplish is shown by the history of several industries in the United States. Without citing a lengthy list of industrial products, for the supply of which the United States hardly fifty years ago were dependent on the countries of Europe, whereas to-day they are furnishing the same products to those countries, let us consider for a moment the phenomenal development of the rice and sugar industries:

Sugar.

	In the year 1877.	In the year 1907.	Thirty years later (differ- ence).
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Beet sugar.....	446	375,000	-----
Cane sugar.....	89,000	264,000	-----
	89,446	639,000	540,554

Rice.—Up to the year 1846 this commodity paid no duty whatever, and only by the act of July 30, 1846, was established a duty of 20 per cent ad valorem. From that date until the present the duty has remained, with various modifications in the different tariffs that have followed.

	Pounds.
In the year 1846 there were produced.....	115, 600, 000
In the year 1908 there were produced.....	520, 000, 000
An increase of.....	405, 000, 000

Without recurring to the history of the States, let us see what were the effects of protection in Porto Rico.

Centering our attention on the three principal articles (fruit did not appear among the exports then), we note that the year of heaviest exportations under the former régime was that of 1896. There were exported (in round numbers) :

	Provincial currency.
Sugar	\$3, 735, 000
Coffee	13, 865, 000
Tobacco	423, 000
Total (provincial money)	17, 023, 000
Total (American gold)	10, 213, 000

In the year 1907, or seven years after the proclamation of the free trade and of the enjoyment of the advantages of protection, our exports amounted, in round numbers, to \$25,624,000, distributed as follows:

Sugar	\$14, 770, 000
Coffee	4, 693, 000
Tobacco	5, 332, 000
Fruits	779, 000
Total	25, 624, 000

General movement of exportations and importations for like years in American currency :

	1896.	1907.	Difference.
Imports:			
From the United States	\$2, 647, 000	\$25, 700, 000	
From other countries	9, 530, 000	3, 580, 000	
	<u>12, 177, 000</u>	<u>29, 280, 000</u>	<u>\$17, 103, 000</u>
Exports:			
To the United States	1, 700, 000	22, 070, 000	
To other countries	9, 530, 000	4, 900, 000	
	<u>11, 230, 000</u>	<u>26, 970, 000</u>	<u>15, 740, 000</u>

These figures speak for themselves. In spite of the decline in coffee, the value of which is seen to be only half of what it was in 1896, the total value of the exports is more than doubled—due exclusively to the protection granted to sugar, tobacco, and fruits. The same rapid development is in store for coffee from that day when, in justice to us, the aspirations embodied in this memorial shall be realized.

Our producing, and consequently our purchasing, power having thus been increased, the American market will be benefited thereby, as we shall of necessity have to look to it to support our needs as consumers almost exclusively.

Everything supports this claim of our coffee producers—not only the reasons from the agricultural and economic standpoint hitherto adduced, but also the real injuries caused by the treaty of Paris. Since that time the Spanish market, which next to Cuba was the principal consumer of our coffee, thanks to tariff concessions, has been lost. While coffee from other countries paid duty and taxes amounting to 14 cents a pound the coffee of Porto Rico paid only 4½ cents under both these heads.

Further, also, as a consequence of the treaty referred to, there occurred two years later the change in currency. The elimination of

the provincial money in favor of American gold affected more adversely the coffee than any other industry. The coffee planter had always been assured an indirect premium through his exchange negotiations, as his outlays for wages here were made in the depreciated provincial currency; whereas now, with a currency on a gold basis, wages have increased even in amount over what they were before the change of sovereignty.

The conditions of labor prevailing in those countries that compete with us are entirely distinct from the conditions here. With the exception of Costa Rica and Venezuela, all are on a silver or sometimes paper basis, which latter is completely unstable. This assures very high prices in the local currency for the coffee growers without, however, bringing about, as it logically should, the corresponding increase in the wages of the laborer, because fair adjustments of prices are effected very slowly. The advantageous position which such a cheap money assures the producers is clearly illustrated in the following paragraph, which we take from an article published in the *Saturday Evening Post* of October 31, 1908, entitled "The great coffee corner." It refers to the famous "valorization scheme" for the coffee of Brazil and, commenting upon the phenomenal development of that industry there, says:

Prices ruled at figures which were very profitable to the Brazilian planter; and while he could pay his debts, his labor, and other expenses incurred in the planting and cultivation in the paper currency of the Brazilian Government, which had declined some 75 per cent as compared with gold, he sold his coffee for gold drafts, which in turn yielded handsome returns in their depreciated paper currency.

The conditions which prevail in Porto Rico are entirely different from those in the other South American countries. There is no possibility of producing our coffee at the same low price that they can produce it. Such conditions will continue until guaranty of really remunerative prices will permit improvement in the methods of cultivation and the employment of fertilizers which would double and perhaps triple the yield per acre, thus reducing the cost of production.

Such guaranties of remunerative prices are what have, in less than six years, raised our production of sugar from 63,000 to 210,000 tons. They are what have created the \$779,000 exports of fruit—which is only the beginning. They are what have changed our former maximum exportation of tobacco from \$715,000 gold in 1897 to that of \$5,382,000 in the twelve months ending June 30, 1907.

Ten years ago the cultivation of tobacco under shade and the use of costly fertilizers for that product and for sugar and fruits were entirely unknown here. At that time no one thought of the very general use of steam plows or of that modern machinery which gives an extraction of 10 and 11 per cent of sugar from the cane. Guaranties such as we ask for coffee have brought about all this, and if extended to the coffee industry, would give such results that, within a few years, Hawaii, Porto Rico, and the Philippines could more than supply the national market, even taking in consideration the rapid increase of population in the United States, which will naturally bring a corresponding increase in the coffee consumed.

Now that we have touched upon the conditions of labor we think it necessary to state that the new flag has placed our laboring classes

in contact with the great labor organizations of the United States. These latter could not, nor do they, view with indifference the low wages paid here in comparison with those enjoyed in the States. And even though the protected interests might be able to grant an increase of wages, this would be impossible in the coffee industry for the reasons hereinbefore expressed. We leave to your consideration this important phase of the problem.

Now that we have expressed the fundamental reasons for our claim that foreign coffee should be subjected to a duty sufficient to offset the advantages enjoyed by the other countries that produce coffee, it remains for us to consider the arguments commonly produced against such a claim.

First argument: "That the 80,000,000 of inhabitants or American consumers can not be burdened in order to favor the few inhabitants who produce coffee under the flag."

This argument is destroyed with the following: In the year 1877 beet sugar appeared for the first time in statistics. The tariff act of July 14, 1870, was then in force, and refined sugar paid a duty of 4 cents a pound. The population of the United States was then 47,000,000 and consumed 745,000 tons of sugar, for which the average price per pound, wholesale, that year was 10.73 cents. Therefore, in order to protect the 89,000 tons of domestic sugar produced that year by the 1,000,000 inhabitants which Louisiana could count at that time, 47,000,000 of Americans were burdened with a tax of approximately \$50,000,000. If, at that time, such argument was not used or was ineffective, we fail to see how it can be used to-day or be effective under identical circumstances against Porto Rico, Hawaii, and even the Philippines.

Second argument: "That the production of coffee is very small as compared with the quantity consumed by the nation."

Without including the Philippines, the last coffee crop of Porto Rico and Hawaii, amounting to approximately 60,000,000 pounds, indicates, in respect to the consumption of the coffee in the nation—875,000,000 pounds—a proportion much larger than which has served as the ground to burden innumerable other products. In proof of the preceding, let us cite a very convincing example. Before the year 1890 tin was not produced in the United States. In the tariff act of October 1 of that year the duty upon this article was raised from 1.4 to 2.2 cents a pound. This increase went into effect July 1, 1891. Let us note the results:

Year of 1891:

		Pounds.
Prior to July 1—		
Importation	-----	1, 036, 489, 074
Production	-----	2, 236, 743
After July 1—		
Importation	-----	120, 819, 732
Production	-----	1, 293, 738, 880

In the same way that this decisive protection for the manufacture produced such a development as to almost annul the importation of tin, so there is the absolute certainty that within a short time Porto Rico, Hawaii, and the Philippines would produce all the coffee to supply the American people if assisted by a similar process.

Third argument: "That the placing of a duty on coffee would injure our commercial relations with the other countries producing coffee."

We have to eliminate Mexico in our objection to this argument. Her proximity to the United States, the facility of communication and of transportation, the influence of American capital therein invested, will determine necessarily the supremacy of the United States in the commerce of that country. On the other hand, Mexico exports to the United States only \$1,697,000 of coffee, and any duty imposed thereon would not affect commercial relations which, between exports and imports, involve a business of \$125,000,000.

Let us glance now at the amount of business, in round figures, of the United States with the other coffee-producing countries—that is, with Brazil, Haiti, Colombia, Costa Rica, Venezuela, Guatemala, Nicaragua, and Salvador.

	Year 1907.	
	Imports from.	Exports to.
Brazil.....	\$97,800,000	\$19,000,000
Haiti.....	1,275,000	2,916,000
Colombia.....	6,310,000	3,085,000
Costa Rica.....	4,965,000	2,471,000
Venezuela.....	7,852,000	3,025,000
Guatemala.....	3,873,000	2,849,000
Nicaragua.....	1,028,000	1,923,000
Salvador.....	1,171,000	1,604,000
Total.....	124,274,000	36,873,000

Among the imports coffee figures to the extent of \$74,000,000, of which amount about \$58,000,000 is from Brazil. In the exports sewing machines figure at \$464,000, cereals at \$3,969,000, meat and lard at \$2,689,000, kerosene and cotton-seed oil at \$4,069,000, lumber at \$1,905,000; total, \$12,996,000.

We have classified separately these articles because, as a matter of fact, this amount, approximately thirteen millions, can not be considered as forming part of a business of reciprocity. Whatever may be the agreement which in the American tariff is entered into concerning coffee, these thirteen millions, distributed among sewing machines, cereals, oils, meat, lumber, and several other articles which we have omitted, would necessarily have to be spent in the American market, inasmuch as all the European countries have to buy these articles there, because no other market in the world can supply them on like terms.

Let us now consider the general movement of exports and imports of these same countries according to the latest statistics obtainable:

Imports:	
From the United States.....	\$36,873,000
From other countries.....	173,098,000
Exports:	
To the United States.....	124,375,000
To other countries.....	198,806,000

Note, now, what has been the commercial movement of the United States with Porto Rico, Hawaii, and the Philippines in the years 1907 and 1908:

	Imports from.		Exports to.	
	1907.	1908.	1907.	1908.
Porto Rico.....	\$22,070,000	\$25,886,000	\$25,700,000	\$22,360,000
Hawaii.....	29,055,000	41,596,000	14,125,000	14,639,000
Philippines.....	11,510,000	10,164,000	8,658,000	11,546,000
Total.....	62,635,000	77,646,000	48,483,000	48,545,000

Comparative summary, year of 1907, commerce of the United States.

Imports from—		
Spanish-American coffee-producing countries.....		\$124, 274, 000
Porto Rico, Hawaii, Philippines.....		62, 635, 000
Exports to—		
Spanish-American coffee-producing countries.....		36, 873, 000
Porto Rico, Hawaii, Philippines.....		48, 483, 000

It has been seen what are the imports and the exports of those competing South American countries whose principal product—coffee—finds the open door in the United States with injury to the national coffees of Porto Rico and Hawaii and the almost national coffee of the Philippines.

We consider it unnecessary to proceed further in the refutation of the third argument. The figures cited clearly show that the South American countries thus favored buy in the United States only those things which are not obtainable in other markets to which they give preference, even in spite of the exorbitant duty which in a majority of them is placed on coffee.

The last argument: "That it would injure the poor American consumer and agitate the eternal question of the 'Free breakfast table.'"

When in the year 1895 the possibility of imposing a duty on coffee came up there immediately arose the protest of those who still believe in the poor man's breakfast table or the "free breakfast table." On this occasion a protectionist periodical, Washington Post, published the following:

The recent suggestion of a tariff tax on coffees, probably put out as a feeler, is responsible for the resurrection and reintroduction of the once familiar but never appropriate phase at the head of this article. It was never appropriate; it was always a sarcastic sneer, rather than a statement of fact, because the memory of the most aged citizen runneth not to the time when a free breakfast table, a breakfast table untaxed as to itself, its equipment, and the food and drink it bore, could be found in any American home.

At that time, under the tariff of 1897, what could be more preposterously absurd than the notion that a tax on coffee would be a degree of banishment for that alleged boon.

The truth is, you go to the breakfast table clad in taxed garments, wearing no single article that is not taxed in the tariff; you sit in a chair that is taxed as to all various materials that enter into it, and taxed as a whole; the table itself is similarly taxed, and we can think of no article on it that is free. Your tablecloth, your napkins, and your napkin rings are all in the tariff schedules. Your fish or meat, your vegetables and fruit, your bread, your butter, your

rolls, your griddle cakes, your sugar and sirup, your salt, vinegar, pepper, mustard, olive oil, and all other condiments show up in the list of things taxed. So it is with your china and other crockery, and your knives, forks, and spoons.

And your coffee is free only as to the raw bean. It is roasted over a taxed fire and in a taxed roaster, is stored in taxable receptacles, and transported by taxed horses in taxed wagons; then retailed, it goes out in paper bags, to be deposited in other taxed vessels. Having been ground in a taxed mill, your cook prepares it for the table by using a taxed coffee pot. If you use cream in your "free" coffee, you must use taxed cream; if you use sugar in it, you must use taxed sugar.

This is the free breakfast table, whose exit will come if a duty is imposed on the raw coffee bean.

In reply to this old argument there is one of much more force which is absolutely true. There is for the Porto Rican consumer also an article of food as important as that which is the base of the free breakfast table of the poor American consumer. It is rice. This article if free of duty would be a godsend to our laboring classes. To-day rice pays an import duty of 2 cents a pound, and the consumption in the island in 1907 reached 102,000,000 pounds, with a value of \$4,165,330. We refer to the domestic importation exclusively. The increase of cost due to the tariff with which it reaches the Porto Rican consumer is equal to \$2.04 per capita every year, calculating our population at 1,000,000. The consumption of coffee per capita in the United States to-day amounts to 12 pounds, while that of rice in Porto Rico reaches 102 pounds. While the duty on rice is oppressing the laboring class of a country as poor as ours at the rate of \$2.04 annually, the duty on coffee that we ask would only burden the poor consumer of a country exceedingly rich at the rate of only 72 cents annually.

We believe that with this we have fully refuted the last argument of those which we have cited and which the defenders of free coffee rely on as the one of most weight.

All the countries of Europe collect duties on imported coffee, and these vary from $1\frac{1}{2}$ to $13\frac{3}{4}$ cents per pound.

Even in the United States there was such a duty until the year 1871. If by abolishing it they expected the conquest of the markets of South America, the figures cited in the course of this memorial show results entirely contrary, and it may well be said that the trend of commerce of those countries can not be changed so easily. If you consider for a moment the exports to those countries, you will see that almost none of them presents conditions of friendly preference or of an attitude of reciprocity.

The Spanish-American people go to Europe not only because of the greater mercantile and banking facilities which they find there, but also because of the similarity of their education, which is the distinguishing characteristic of those people, and which necessarily must determine for a long time yet their marked preference for the markets of Europe. Brazil, as well as the other Spanish-American countries, buys in the United States only such articles as the countries of the Old World do not or can not sell so cheaply. With these countries they enter into the most intimate relations, commercial as well as intellectual, by reason of similar conditions of education, feelings, and taste.

REASONS FROM THE POLITICAL STANDPOINT.

It is generally admitted that social discontent very frequently originates from economic inequalities. In the course of this memorial it seems to us that we have fully demonstrated that the situation of the Porto Rican coffee grower, resulting from the treaty of Paris, has become irritating, owing to the totally distinct aspect which the other industries of the island present to his view, inasmuch as they are on an absolutely equal footing with the protected industries of the States and sharing in the prosperity which protection affords.

It should not be forgotten that social discontent does not manifest itself suddenly in any community. Impatience is rarely collective, but when the evil continues, when hope disappears, when the morrow is always the same as the days past, and the promises of a better state are shattered upon the obstacle of unjustifiable selfishness, then the social group begin to chafe and, slowly but surely, discontent germinates and lack of regard for public authorities and the institutions which the people always hold responsible for the ills that oppress them.

Half a million Porto Ricans have cause for discontent. The Dingley tariff oppresses them, without offering any advantage whatsoever. They live principally on rice and codfish and clothe themselves with the coarsest goods that American manufacturers produce. That codfish, that rice, and that coarse cloth must be bought at the high price which the tariff makes possible and which has been calculated beforehand as necessary for the continued prosperity of the rice, codfish, and textile industries.

The coffee laborer must be content with a penurious day's wages, because the industry which supplies him employment also drags a precarious existence, and that on account of the fact that while the duties at the national ports prove a veritable bulwark for the fruits, sugar, and tobacco, no such bulwark exists for coffee. Any country, although competing with a national product, may offer its coffee to the American consumer under as favorable conditions as our shippers, without having contributed, as our people have contributed, to the support of a régime that assures the existence of the larger part of the national industries.

The Congress should not consent to the continuance of such a state of affairs, which constitutes a privilege, for privileges are contrary to liberty and democracy.

One of the principal issues of the last political campaign has been tariff revision. Therefore, the moment is opportune for the fulfillment of the reasonable ambitions of the new territories, which for ten years have been under the folds of the American flag.

The many years of protection gone by have served admirably to develop many great industries, which, having already passed the stage of infant industries, no longer require such an ample protection. In the reduction of the duties on products of these industries can be found, for those who seriously consider the "free breakfast table," sufficient compensation for the slight injury which the proposed duty on coffee would cause the consumer.

The American consumer in general would be benefited by this change and within a few years we would see a new American indus-

try supplying the needs of 80,000,000 people, and increasing the industrial wealth of the country to the extent of nearly \$100,000,000.

The modification of the tariff, in the form and to the extent prayed for, means for the present an increase in receipts of more than \$50,000,000 to the National Treasury.

At this moment, when ambition for the supremacy of the States has taken possession of all the great powers, such an increase in receipts can not but facilitate this worthy aim of the American people.

And we, the Porto Rican coffee growers, shall feel proud if we can help to bring about, through this petition, two such desirable ends, first, to insure the development of our agricultural industry; and, second, to have contributed, though indirectly, to the greater splendor of our flag.

Ten years ago the United States of America assumed great responsibilities that can be discharged only through the administration of a just government—that is, in short, equality and like opportunities for all.

Bear well in mind, that economic injustice, above all, diminishes affection, destroys patriotism, and excites animosity. Unwillingness to pay duties that were deemed unjust caused a number of bales of tea to be thrown into the sea; this was the beginning of American independence.

As once said by a prominent Hawaiian, an enthusiastic advocate of the protection of coffee, we think that, more than any other measure, such a step will serve to Americanize the new territories, as it will be a grant of justice—the only hope of young and feeble peoples.

Not by force alone nor by riches are empires cemented. They are rendered indestructible by love. Begin to weave the threads of this sentiment by bettering the condition of the poor Porto Rican coffee planter, by granting the protection that we ask, and to your great nation shall the thanks of the grateful people of Porto Rico be cheerfully tendered.

And your petitioners shall ever pray.

PONCE BRANCH OF THE CHAMBER OF COMMERCE
OF PORTO RICO.

Commission on propaganda for the protection of coffee:

D. COLLAZO,
FRANK MARTINEZ,
W. McK. JONES,
Committee.

JUDGE B. S. RODEY, UNITED STATES DISTRICT COURT FOR PORTO RICO, WRITES IN ADVOCACY OF A DUTY ON COFFEE.

SAN JUAN, P. R., December 14, 1908.

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
Washington, D. C.*

DEAR MR. PAYNE: Your many kindnesses to me while I was in Congress leads me to believe you will not think it wrong in me for writing you this note in the interest of Porto Rico, in its request for a tariff

on coffee. I am inclined to believe that you have confidence in me, and I may be the only person in the island who is really well acquainted with you. I do not know all the weighty national reasons for and against a tariff on coffee as you do, and therefore I will not attempt to make any argument in that regard. All I can do is to state a few facts which you may already know, but there may happen to be one that would be information to you. I have been here now since June, 1906, and during that time many causes have been tried before me involving coffee plantations, and I have had several managed by receivers of the court over which I preside. The real truth is that coffee is the poor man's crop in Porto Rico, while sugar and tobacco are more the crops of the rich people. Coffee as a general thing is raised only in the mountains, up the little canyons and on the steep mountain sides, usually shaded by quick-growing trees or bananas. I have looked into it some and I feel certain that ten times as much coffee as is now grown on the island could easily be produced. The crop has never recovered itself since the terrible hurricane of 1889. Probably more than eight-tenths of what is raised is still sold in Europe, but its sale meets since American occupation with all sorts of obstacles with which you are no doubt familiar. It is a coffee of such a superior quality that consumers in the United States have not learned to reduce it enough in strength when using it, but if it was protected against other coffees, it would soon establish itself as more economical because of the small quantity necessary to produce the same strength and because of its splendid flavor.

In my opinion more than one-half of the entire surface area of the island, which means most of the mountainous section, is fitted more for coffee than any other crop. Now, if our national revenues are going to be short this coming year, and if Brazil and other countries have imposed an export duty on their own coffee, it does seem that it would be not only right, but a patriotic act, to protect Porto Rico, Hawaii, and, if you will, even Philippine coffee by the imposition of an equal duty against foreign coffee, especially coffee of those countries that levy an export duty.

I feel that I am right in asserting that there is no other one thing that would so industrially bless Porto Rico at the present time as the putting a duty upon foreign coffee. I know, of course, it is asking a great deal of the people of this nation to require them to pay a duty on coffee for the benefit of these new colonies, so called, but if the doing of it will foster what is yet an infant industry and bring about the raising of a sufficient home supply, it would in the end work out to the good of all. These colonies will buy American goods when they sell their coffee to the people in the States, and this ought to be an argument in favor of it.

I do sincerely hope that yourself and the committee over which you preside may see fit to grant some aid to this island in this regard. It would bless more poor people than anything else you can do for the island, and they can not, as things are, cultivate it and realize a reasonable profit. I am saying this disinterestedly, for I am, first, last, and all the time, a New Mexican, as you well know.

I am sending a copy of this letter to my friend Mr. Dalzell, because I feel that every word in it could be addressed to him from me, as

my acquaintance with him and his treatment of me has been the same as your own. There are many other members of the committee to whom I could write, but I hope that you gentlemen will call their attention to this little statement of mine for Porto Rico.

Sincerely, yours,

B. S. RODEY,

Judge of District Court of the United States for Porto Rico.

CHASE & SANBORN, BOSTON, MASS., SUBMIT A STATEMENT RELATIVE TO EFFECT OF PLACING DUTY ON COFFEE.

BOSTON, MASS., *January 8, 1909.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: World's visible supply of coffee 16,000,000 bags, equal to 2,090,000,000 pounds, every ounce of which could and would be landed in the country before any duty would become operative. This represents, based on American importations, two years' stock, consequently no revenue worth calculating would be apt to be collected while this supply remained. At the same time, the imposition of a duty would enhance the value of this enormous stock of coffee by practically the amount of the duty imposed. Assuming this to be 5 cents, it would mean a purely speculative advance of more than \$100,000,000, and pull Brazil out of the hole, which her previous attempts to unsuccessfully "corner" the surplus stock has put her.

CHASE & SANBORN,
Wholesalers of Coffee and Tea.

THE CANBY, ACH & CANBY COMPANY, DAYTON, OHIO, CLAIMS THAT THE MERE SUGGESTION OF A DUTY HAS ALREADY ADVANCED THE PRICE OF COFFEE.

DAYTON, OHIO, *January 7, 1909.*

HON. SERENO PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Doubtless you have observed that the suggestion of duty on coffee has already advanced that commodity about 1 cent per pound, the advantage of the advance going largely to Brazil exporters. The agitation of this question is, we believe, detrimental to legitimate dealers in coffee.

If the views of the committee are opposed to putting a duty on coffee, a public expression of these views would do much toward stopping the speculation in this commodity, and as it is one of the items

that enter into daily consumption in the families of a very large proportion of the population it would seem proper that some consideration be given this suggestion. The situation at the moment certainly is that we are all paying tribute to Brazil.

Yours, truly,

THE CANBY, ACH & CANBY Co.,
Spice Grinders, Coffee Roasters, and
Baking Powder Manufacturers.

COFFEE AND COTTON.

[Paragraphs 529 and 537.]

HENRY M. SWEETSER, EVANSVILLE, IND., RECOMMENDS AN IMPORT DUTY ON COFFEE AND AN EXPORT TAX ON COTTON.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, December 7, 1908.

The CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIR: I inclose herewith for your consideration a letter from Henry M. Sweetser, suggesting a duty on coffee and export tax on raw cotton.

Respectfully,

J. B. REYNOLDS,
Acting Secretary.

EVANSVILLE, IND., *December 2, 1908.*

HONORABLE SECRETARY OF THE TREASURY,
Washington, D. C.

DEAR SIR: We see in the New York papers that the Government requires a greater income. Why not put a tax on coffee of 5 cents a pound; also put a tax on raw cotton leaving this country of 2 cents a pound? By placing a tax on cotton it would give all our home manufacturers an advantage. The tax on coffee would produce a large amount of money for the Government. These two taxes alone would come very near running this Government. From your high-tariff friend and wellwisher.

Yours, respectfully,

HENRY M. SWEETSER.

SALT.

[Paragraph 284.]

**CHAS. F. MATTLAGE & SONS, OF NEW YORK CITY, THINK THAT
THE DUTY IS TOO HIGH ON TURKS ISLAND SALT.**

NEW YORK, November 17, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: We beg to protest at high rate of duty of 8 cents per hundred pounds on Turks Island salt, as we think it is entirely unnecessary to place such a high duty on such a commodity.

This salt we are selling at 5 cents per bushel of 80 pounds at Turks Island and to have such a high rate of duty we feel as it is entirely too much.

We leave this to the consideration of your committee, and if you wish any further information, Mr. Charles Henry Mattlage, of our firm, would be pleased to furnish you with the same.

Trusting you will give this your kind consideration, we remain,

Yours, very truly,

CHAS. F. MATTLAGE & SONS.

WILLIAM G. CADY, OF SYRACUSE, N. Y., APPEARS IN THE INTEREST OF THE RETENTION OF PRESENT DUTY ON SALT.

THURSDAY, November 19, 1908.

Mr. CADY. Mr. Chairman and gentlemen of the committee, the condition of the salt industry, as it relates to the tariff, is almost identical with what it was when the matter came before this committee ten years ago. I might say I represent the solar salt industry of Syracuse. There are other gentlemen here who represent the salt industry in other parts of the country. The only practical change of the salt industry from ten years ago, from the conditions in 1896, when this matter came before your committee, is that we are now paying a larger canal freight than we were at that time, and we are paying more for labor.

Briefly, we simply ask that the present duty of 8 cents per hundred pounds—that is, \$1.60 a net ton—be retained, and as I understand, there is no one here who appears in opposition to that. At the former hearings, in 1896, some of the importers appeared and asked that salt be still continued on the free list.

Now, the salt is imported, the salt in which I am particularly interested—that is, the solar salt—is imported from the West Indies and from the Mediterranean. The price of that salt in New York to-day would be \$2.75 for West India salt, and \$2.50 for Mediterranean salt.

Mr. FORDNEY. For how much—a ton or barrel?

Mr. CADY. It is $4\frac{1}{2}$ cents a bushel, a measured bushel, 75 pounds; that would be \$1.21 f. o. b. Turks Island, in the West Indies.

Mr. FORDNEY. One dollar and twenty-one cents a ton?

Mr. CADY. Yes; \$1.21 a ton, and the freight would be $5\frac{1}{2}$ cents—that is, the freight and insurance would be $5\frac{1}{2}$ cents, or \$1.48 per net ton, making \$2.69, and the incidentals would bring it to \$2.75. I am now speaking of net tons of 2,000 pounds. Now, add the duty, \$1.60 per ton, and that would make from \$4.10 to \$4.35 for salt delivered along the seaboard, in New York and Boston and Baltimore, and any of those seaport points. They are about the same as to freight rates.

I am speaking now of coarse salt. Our salt that we manufacture costs in the neighborhood of very near \$2.80. It exceeds that rather than falls below it. The cost is \$1.55 a ton for labor. The labor we employ in the manufacture of salt is an important factor. Some people have an idea that there is not much labor connected with the manufacture of salt. You gentlemen who have been through Syracuse and have seen those sheds will know that that is not the case. We pay our labor 13 shillings a day and give them their house rent, making it an equivalent, as we figure it, of 14 shillings a day. The season is short, from the 1st of March to the 1st of November. The cost per ton for labor would be very close to \$1.55. Of course there is a large amount expended for repairs, taxes, insurance, horses, and other things that will bring the cost of salt up to \$2.80 and over.

Now we have to land that salt in New York by canal. The rate is now from \$1.10 to \$1.20. The last shipment over the canal we paid $3\frac{1}{4}$ cents. That would be \$1.17 a ton. The canal navigation is available only during certain seasons of the year, and salt is such a bulky article that the jobber or the large consumer can not put very much of it in storage. That is, a thousand bushels of salt, 56,000 pounds, would occupy a space that would be 10 feet by 10 by 8 feet. That would be the capacity required to hold it. It would require that to hold a thousand bushels of salt at 56 pounds to the bushel. We can not ship our salt by canal at certain seasons, and the storage charges are very heavy in the cities, and it is only a limited amount that we can ship by canal. The freight rates by rail are \$2 a ton. If we ship by canal the cost and transportation make it \$3.90. If we ship by rail it is \$4.80. In Boston our rates must be all railway rates, and that rate would be \$2.60. That would make our salt \$5.40, and there it meets the imported salt at from \$4.10 to \$4.35.

That is the practical situation, so that you gentlemen can readily see that if that duty is interfered with it means we must go out of business.

Mr. CRUMPACKER. What is solar salt, please?

Mr. CADY. It is made by evaporation in the sun.

Mr. CRUMPACKER. It is the same in quality as other salt?

Mr. CADY. It is used in packing ice cream and in curing hides and in packing meats.

Mr. CRUMPACKER. It is a cheaper and a coarser salt?

Mr. CADY. It is not cheaper. It brings, perhaps, the full or, perhaps, a little better price than the salt manufactured by boiling or by artificial heat. It makes a grain anywhere from the size of the kernel of rice up to the size of a walnut.

Mr. CRUMPACKER. It is not used for table purposes?

Mr. CADY. No, sir; not that. Sometimes it is ground and so used. It might be compared with mine salt.

Mr. FORDNEY. In its raw state it is a higher grade of salt than that made by steam. By raw state I mean by not being ground.

Mr. CADY. Yes, sir; I think so. It is the size of a large, coarse grain of salt. It dissolves much more slowly than the ground salt. Another use made of it is in keeping meats, and for that purpose they use the diamond C, about the size of a walnut.

Mr. FORDNEY. Does Michigan salt come in competition with you?

Mr. CADY. There is a pretty close competition on salt all over the United States. Several gentlemen will follow me on the same subject. Salt is very cheap. We compete with Michigan salt in the Chicago market. There is pretty lively competition. We have plenty of competition here at home, and we do not want any more from abroad. If you will just let us alone, we will try to live.

The CHAIRMAN. I see, Mr. Cady, the importations have run about the same amount in the last ten years, or in the last twelve years; that is, an average of about 220,000,000 pounds. Is any portion of that Turks Island salt, or salt made from the sea water?

Mr. CADY. Yes, sir. There was imported into the New York market this year 15,000 tons of West India salt, or Turks Island salt.

The CHAIRMAN. The importation, duty paid, was about 220,000,000 pounds a year, and the salt imported for curing fish, on which there is a rebate, was about 108,000,000 pounds a year. I also see that under the Wilson bill the greater portion of the salt coming into this country was free of duty from those countries imposing no duty on our salt, and the importation ran up to 581,000,000 pounds.

Mr. CADY. Yes.

The CHAIRMAN. Were you in business then?

Mr. CADY. No, sir. I have been in the business of manufacturing salt eight years. My wife's family, however, have been in it for fifty years.

The CHAIRMAN. Some of you were in the business then in 1894 and 1895 and 1896?

Mr. CADY. Oh, yes. I was familiar with the conditions generally at that time.

The CHAIRMAN. Did you feel the competition or not at that time?

Mr. CADY. Oh, yes; and during that period we almost felt like abandoning our works. The works were allowed to run down. As a matter of fact, until within the last year we did not get around in shape again.

The CHAIRMAN. Recently the State has sold its springs in Syracuse, instead of leasing them, has it not?

Mr. CADY. Yes, sir. The sale has not fully taken effect yet. It was taken over about the 1st of July, but the State is still collecting duty on this salt.

The CHAIRMAN. Does that change of ownership lessen the cost, or not?

Mr. CADY. We hope so. We have been paying the State a cent a bushel for many years for the brine they furnished us.

The CHAIRMAN. Does the State pump the water, or not?

Mr. CADY. Yes; it pumps the water.

The CHAIRMAN. You get rid of the cent per bushel, and you now pump the water yourselves?

Mr. CADY. Yes, sir; we hope to do it for half a cent, but as yet we can not tell.

The CHAIRMAN. That is all.

Mr. HILL. You did not state the cost of salt in England. You gave it here, and the labor cost. What is the labor cost of our chief competitor, Great Britain?

Mr. CADY. That is out of my latitude—fine salt. You will appreciate the fact that the salt that comes into competition with the solar salt is made in the West Indies and on the Mediterranean, in France and Spain, and that is a very cheap class of labor.

Mr. FORDNEY. You do not want the duty removed from salt?

Mr. CADY. No, sir.

Mr. FORDNEY. Do you furnish the steam directly or do you make exhaust steam? You do not boil it?

Mr. CADY. No, sir; the heat of the sun and the wind make our salt.

Mr. FORDNEY. Fuel can not be furnished for that purpose because it is too expensive, and the heat must be made from exhaust steam?

Mr. CADY. I understand in the case of Michigan salt that the fuel which they use is the refuse of lumber.

Mr. FORDNEY. I understand the fuel is so high that it must be made from exhaust steam.

Mr. CADY. In Michigan they would not perhaps feel the tariff as much as we do, but if they drive us out of the eastern market by taking off that duty we would be out for any other market, and Michigan would perhaps be one we would go for.

Mr. BOUTELL. What interests, if any, favor the abolition or reduction of this duty?

Mr. CADY. I do not understand that any interest appears in opposition to it. Some ten years ago the importers asked to have it still retained on the free list. I do not understand there is any opposition now. We come here because it is a matter of salvation to us to keep the duty on.

Mr. BOUTELL. Your apprehension is not based on a knowledge that there is a movement on foot for the reduction or abolition of this duty?

Mr. CADY. No, sir. I do not understand that there is now.

Mr. BOUTELL. Who are the largest users of salt from which any opposition would come, if any?

Mr. CADY. The users of salt—of course salt is used in packing ice cream and in dissolving snow from the streets, but I suppose there are not enough of those people that use enough to care much for the decrease. One of the largest ice-cream manufacturers, the largest users of salt, wants the duty to remain as it is.

Mr. FORDNEY. It would not come from the consumer, because the consumer can now buy 300 pounds for a dollar?

Mr. CADY. The consumer will not pay any of this duty whatever. You will not get street-car fares out there any less by reducing the price, although the street-car companies use a great deal of it. You will not get ice cream any cheaper. The salt that is put on the hides will not affect the price of shoes. The duty paid per capita would be

about a cent. A family of 6 persons would be supposed to use about 75 pounds of salt. That would be a cent per capita. If we could get 10 cents a bushel for our salt, we would feel happy. We can not get that price. If you buy it for table or dairy use, the difference in this duty, if it was taken off, would be made up by the middlemen.

Mr. FORDNEY. A laboring man with an average family can buy enough salt now for a dollar to last him a quarter of a century. He is not kicking about the price now, is he?

Mr. CADY. No, sir; he buys a 3-pound sack for 5 cents. The duty on that would make a difference of one-eighth of a cent, possibly, but the consumer, if that was taken off, would pay just as much for that bag of salt.

Mr. CLARK. These parties that you name—do you think they are the principal consumers of salt in the United States—the ice-cream freezers, and the street-car men, and all that?

Mr. CADY. Of the salt that we make, they are.

Mr. CLARK. The salt you make simply goes into the market, along with other people's salt, does it not?

Mr. CADY. Certainly.

Mr. CLARK. What is the reason they can not make salt as cheap in Michigan as you make it in Syracuse?

Mr. CADY. They do make it as cheap, and cheaper. They make a different kind.

Mr. CLARK. I do not understand what Mr. Fordney is kicking about. [Laughter.] If he makes it cheaper than you do, he is in a good fix.

Mr. CADY. He is not kicking. [Laughter.]

Mr. CLARK. Are you a member of the salt trust?

Mr. CADY. No, sir.

Mr. CLARK. Where is that institution located?

Mr. CADY. I do not know that there is such a thing.

Mr. CLARK. These tyrants of salt in Syracuse have been complained of for years.

Mr. CADY. Oh, that is a matter of ancient history. [Laughter.]

Mr. CLARK. It is ancient history that the salt manufacturers of Syracuse are the tyrants of Syracuse. [Laughter.]

Mr. CADY. Up to 1881 and 1882 practically all of the solar salt, and I presume a large amount of salt consumed in the United States was made in Syracuse. Then we produced 9,000,000 bushels. Salt is now produced in every State in the Union, and our production cuts a very small figure. We make in Syracuse about 70,000 tons of salt a year. Of the amount of salt that is produced in the United States that is only about 2 per cent. I think the statistics show that about 6,000,000,000 pounds are produced.

Mr. CLARK. I was asking you if you were a member of the trust.

Mr. CADY. I am not, sir.

Mr. CLARK. Is there an agreement between Brother Fordney's men and your men that you shall hold salt at a definite price in the United States?

Mr. CADY. No, sir. The gentlemen who will follow me are in direct competition. They were finding fault with us yesterday for selling some salt down East for too small a price.

Mr. CLARK. These two gentlemen who are following you are not in competition here to-day as to the effect of this tariff before this committee?

Mr. CADY. No, sir.

Mr. CLARK. You stand together on that proposition?

Mr. CADY. Yes. We want to fight it out here among ourselves.

Mr. CLARK. What does it cost you to make a ton of salt?

Mr. CADY. Two dollars and eighty cents.

Mr. CLARK. How much do you get for it?

Mr. CADY. We make different grades of salt, you know. The salt is graded by simply putting it through screens, making the different grades. In 1907 the average price we received for our crop was 8.32 cents per bushel. That is taken from our books. In 1906 we received 8 cents and a fraction. That amounts to \$2.9952 per net ton. It costs to keep up our works and produce a ton \$2.90.

Mr. CLARK. Did you not just state that it cost you \$2.80, and you now say \$2.90?

Mr. CADY. I say, counting in the cost of keeping our works in repair.

Mr. CLARK. You say now, in your revised statement, it costs you \$2.90 per ton?

Mr. CADY. Yes; to keep up our capital.

Mr. CLARK. How much do you make?

Mr. CADY. In Syracuse we make about 70,000 net tons.

Mr. CLARK. Salt is the most absolutely necessary article of diet for man and beast, excluding water?

Mr. CADY. Yes, sir.

Mr. CLARK. And it is generally deposited throughout the United States?

Mr. CADY. Yes.

Mr. CLARK. And the reason you claim for this tariff is large discoveries of salt in Kansas and Michigan and out in that country where they can make it cheaper than you can?

Mr. CADY. No; we are not finding fault with domestic competition.

Mr. CLARK. Not finding fault, but the reason you want this tariff is because these people in the West can make salt cheaper than you can make it in Syracuse?

Mr. CADY. No; but because the people of the West Indies do. Salt is very heavy, you know. The freight is very high.

Mr. CLARK. Those Kansas people are nearly as close to the center of population of the United States as you are, are they not?

Mr. CADY. Of course that is true. The local market is the best market for a bulky article of that kind. A thousand bushels of salt occupies a space of 10 by 10 by 8 feet and weighs 56,000 pounds. A thousand bushels would be worth approximately \$90.

Mr. CLARK. I understood you to say to the committee a while ago that if salt was put on the free list somebody between you and the consumer would gobble up this difference in price in salt, with the tariff and with the free list?

Mr. CADY. I believe that is so.

Mr. CLARK. Who is that that does that remarkable feat all the time with all these things?

Mr. CADY. The middleman.

Mr. CLARK. Is there no way to reduce him to something like reason in his demands?

Mr. CADY. I suppose that is up to your committee. I have no recommendation to make with reference to that.

Mr. FORDNEY. The protection you are asking for is against the 160,000 tons imported, and not the man who produces salt in Michigan or in Kansas?

Mr. CADY. No, sir.

Mr. FORDNEY. Kansas salt is not as good as your salt, is it?

Mr. CADY. No, sir.

Mr. FORDNEY. And the freight cuts a big figure, does it not?

Mr. CADY. Yes.

The CHAIRMAN. Of course the freight cuts a big figure.

Mr. FORDNEY. He will find a market before he gets to Kansas with his product.

The CHAIRMAN. No matter what the duty is, it falls alike on all of them.

Mr. CLARK. If they had not made those discoveries of salt out West you would have to send it to Kansas, would you not?

Mr. CADY. We would supply the demand, if there was a demand.

Mr. CLARK. Certainly. If they can cut off this tariff on salt and devise some scheme ingenious enough to keep these middlemen from absorbing all the difference, then you could compete with these fellows on the other side of the ocean, could you not?

Mr. CADY. We could not compete with them.

Mr. CLARK. You would get the profit then instead of the middleman?

Mr. CADY. He would.

Mr. CLARK. How would he? Two men can not get the same profit.

Mr. HILL. Is it a fact, or is it not, that there is an arrangement among you salt-producing companies for a division of territory?

Mr. CADY. No, sir; there is no such arrangement.

Mr. HILL. Are you not limited to a specific territory?

Mr. CADY. We are not, sir. We send our product to any place that we can sell it.

Mr. HILL. You are not limited in price?

Mr. CADY. No, sir.

Mr. HILL. How about the Michigan Salt Company?

Mr. CADY. I do not know. But the Onondaga salt manufacturers have been a thorn in the side of all these people. If there is a healthy competition on any article in these United States, it is in salt.

Mr. HILL. Do you know of any arrangement among any of the salt companies in the United States for a limitation of sales territory?

Mr. CADY. I do not, sir. The salt comes from Louisiana and Kansas, and—

The CHAIRMAN. You answered that very fully, Mr. Cady. Now, I want to ask you about the price of foreign salt laid down in New York before the duty is paid. What is the price paid there for that salt?

Mr. CADY. I can only give you the price on solar salt, and this I got from an importer the other day. For Turks Island salt \$1.21 per

net ton f. o. b., and that salt had been bought for 4 cents a bushel of 75 pounds in the West Indies and the Mediterranean.

The CHAIRMAN. That is the only price that you have?

Mr. CADY. Yes; this year.

The CHAIRMAN. That is the highest-priced article of salt that is imported, is it not?

Mr. CADY. That grade of salt, you mean?

The CHAIRMAN. Yes.

Mr. CADY. I think not. The refined salt has a higher price.

The CHAIRMAN. The government reports show for the last fifteen years imported salt in New York was 10 cents a hundred. It has not varied at all, according to the reports.

Mr. CADY. You mean the duty paid, 10 cents?

The CHAIRMAN. Oh, no. The price of the salt, 10 cents a hundred.

Mr. CADY. The imports from Liverpool of English salt enter largely into those figures.

The CHAIRMAN. I mean salt in bulk.

Mr. CADY. That is on account of the fine salt imported from England.

The CHAIRMAN. That is higher, from 30 to 40 cents.

Mr. CADY. These figures that I have given to-day are really recent, because I got them only a few days ago from a reliable importer.

The CHAIRMAN. You say \$1.20 a hundred?

Mr. CADY. One dollar and twenty cents a ton of 2,000 pounds.

The CHAIRMAN. That would be 6 cents a hundred?

Mr. CADY. Yes; 6 cents a hundred.

The CHAIRMAN. Then the duty cuts no figure on that Turks Island salt. The duty is only 8 cents a hundred. Is that with the duty?

Mr. CADY. No; that is without the duty.

The CHAIRMAN. Then the duty of 8 cents a hundred would not cut much figure on that, the duty is so much smaller than the difference in price between that salt and yours.

Mr. CADY. Yes.

The CHAIRMAN. I wish, Mr. Cady, you would obtain for the use of the committee, and send it to us, a statement of the average price of imported salt of the different grades in New York City.

Mr. CADY. For what period?

The CHAIRMAN. For the last five years.

Mr. CADY. I will do it. How much time will I have in which to file that? How soon would you wish that to be filed?

The CHAIRMAN. Until the 4th of December.

Mr. GRIGGS. Did I understand you to say the cost of production of salt at Syracuse was \$2.90 a ton?

Mr. CADY. I made that as a conservative figure.

Mr. GRIGGS. That is, on the cars?

Mr. CADY. Yes; I think that would be perhaps right.

Mr. GRIGGS. Did I understand you to say further that you got \$2.995?

Mr. CADY. \$2.995 is for the average crop.

Mr. GRIGGS. And you make 70,000 tons?

Mr. CADY. Yes.

Mr. GRIGGS. Do you know how much return that would be in profit?

Mr. CADY. I do not.

Mr. GRIGGS. It would be about \$1,600, would it not?

Mr. CADY. I know one manufacturer there who made \$80. I am giving you the figures of last year. During the last two years we have had a short crop and have made hardly any money at all. We are living in hope, and hoping for a better market. We have not been making any money in salt for several years.

Mr. GRIGGS. Not even with the tariff?

Mr. CADY. No, sir; not for several years past.

Mr. GRIGGS. Do you ask us to increase the tariff on salt?

Mr. CADY. No, sir. We are simply willing to take our chances on the improvement in the conditions. That is, the conditions with respect to the sale of salt are affected by the general conditions of the country. It goes into a great many things. We have to make a certain amount of salt and have to dispose of it because we can not keep it from year to year. When we start to make it we have to go on and can not shut down, and the salt is so bulky that we can not store it. If the country is prosperous there will be perhaps more ice cream sold, and that takes a large amount of our salt. And if there is a larger demand we get better prices, and if there is not a demand we have to force the sale of it, as we have done in the last few years.

Mr. UNDERWOOD. You stated to the chairman when you started to testify that you recollected the depression in the salt industry under the Wilson bill, as I understand you?

Mr. CADY. Yes, sir.

Mr. UNDERWOOD. What was that caused by? Do you attribute it to the Wilson bill or to some other cause?

Mr. CADY. We attributed it to the importation of salt meeting our salt and driving it out of the market.

Mr. UNDERWOOD. I see the Wilson bill was enacted in 1904 and repealed in 1907.

The CHAIRMAN. You mean 1894. The Wilson bill was enacted in 1894.

Mr. UNDERWOOD. Yes. I see the importations for 1895 were 12,000,000 pounds, and for 1896 572,000 pounds, and for 1897 487,000 pounds.

The CHAIRMAN. That is dutiable salt. If you will turn to the top of the next page you will see the importations of free salt under the Wilson bill.

Mr. CADY. Mr. Underwood, if you will excuse me, the salt industry I spoke of is the solar-salt industry. Those figures of importation relate very largely to fine salt, or to the fine and solar together. Now, I can not speak of its effect on the fine-salt industry, but I do know of the condition we were in at that time—although I was not then engaged in the business—its effect upon the solar-salt industry.

Mr. UNDERWOOD. As a matter of fact, your duty to-day is practically prohibitive, is it not?

Mr. CADY. No, indeed.

Mr. UNDERWOOD. The importations of salt into this country amount only to 5 per cent of the product in the United States, do they not?

Mr. CADY. I do not think you have any figures to base a comparison upon. I do not want to take up the time of those who desire to

follow me. But in our State there is the Solvay Process Company, which produces, roughly speaking, 200,000 tons of salt. It is not used for salt at all. It goes into the manufacture of soda ash and chemicals of that sort. There is another manufacturer in that line in Detroit, and I presume that fact is true of the other uses for salt.

Mr. UNDERWOOD. Here is what I want to call your attention to: These statistics, as given to us here by the department, show that there are 22,000,000 barrels of salt manufactured in this country at 280 pounds a barrel. That is 6,160,000 pounds produced in the United States. Now the importations shown by the figures amount to only 330,000,000 pounds. That is 5 per cent of the production, or about that.

Mr. CADY. I can not figure it here now.

Mr. UNDERWOOD. The exportations of salt, as shown by these figures, amount to 64,000,000 of pounds, which is 20 per cent of the importations.

Mr. CADY. Exportations of salt from this country?

Mr. UNDERWOOD. Yes.

Mr. CADY. Well, that goes to Cuba, and perhaps Mexico, and it is the result of freight conditions; and I think that goes largely from Louisiana.

Mr. UNDERWOOD. Then, as a matter of fact, the salt industry in this country is enabled to export into a free market twice as much salt as is imported into our market.

Mr. CADY. That may be true, but if true, it is the result of freight conditions.

Mr. UNDERWOOD. The ad valorem on bulk salt amounts to 90 per cent, does it not?

Mr. CADY. I can not tell you. You have the facts here.

Mr. UNDERWOOD. Under the circumstances, do you not consider this duty practically a prohibitive duty on salt, when only 5 per cent is exported?

Mr. CADY. Not so far as relates to that which I represent here, the solar salt; certainly not.

Mr. UNDERWOOD. Then your proposition comes down to this, Mr. Witness, as I understand it: What you want is protection, and under your contention the freight rates protect the salt manufacturer in the interior?

Mr. CADY. To a certain extent, yes.

Mr. UNDERWOOD. And the foreign producer could not compete in that market with free salt?

Mr. CLAY. The foreign producer or importer could send salt up the canal to Syracuse cheaper than we can send it from Syracuse to New York, and the freight is about one-half going west of what it is going east.

Mr. UNDERWOOD. Then, it is purely local protection that you desire protection for?

Mr. CADY. Yes, sir.

Mr. UNDERWOOD. And you think we should maintain this high ad valorem duty to protect the salt industry that is not located advantageously to the market?

Mr. CADY. It is located advantageously to the market. We are entitled to protection. We are helping to support others who are

being protected. I believe in protection. I do not know whether you do or not, Mr. Underwood.

Mr. GRIGGS. You do not pay a cent on salt. You do not pay any of the duty on salt.

Mr. CLAY. I do not know that we did.

Mr. GRIGGS. I do. I mean high-grade salt, for table use.

Mr. UNDERWOOD. The revenues derived from salt amount only to \$207,000,000.

Mr. HILL. Two hundred and seven thousand dollars.

Mr. UNDERWOOD. Yes; \$207,000, not millions. Do you think a reduction of this duty—

The CHAIRMAN. Mr. Underwood, do you think his opinion is so valuable on these policies as would justify a delay? I ask because we have heard four gentlemen in two hours, and there are about forty other gentlemen here waiting to be heard.

Mr. CLARK. If we can get the information out of this man, we will not have to get it out of the next ones. [Laughter.]

The CHAIRMAN. He is simply asking about a policy.

Mr. CADY. I have just reminded the committee of the matter, and I have nothing further to say.

Mr. GRIGGS. Mr. Chairman, he is a voluntary witness. We ought to assume, out of respect for him, that he knows what he is talking about.

The CHAIRMAN. I have no objection to any question that the committee may want to ask. I think about 8 o'clock to-night I shall be alone and shall proceed a great deal faster, and there will not be so many questions. [Laughter.] Take your own time now, gentlemen.

Mr. BOUTELL. I can tell the chairman that he will not be alone. [Laughter.]

Mr. FORDNEY. The chairman asked first of imported salt. Statistics show here that 165,000 tons were imported last year at \$2.87 a ton, and on salt in bulk the duty is 8 cents a hundred pounds, \$1.60 a ton.

Mr. CADY. That is pretty close to the figures I gave.

Mr. FORDNEY. That is salt in bulk?

Mr. CADY. Yes; that is pretty close to the figures I have given.

M. B. FULLER, OF SCRANTON, PA., REPRESENTING THE INTERNATIONAL SALT COMPANY, OF NEW YORK, ASKS RETENTION OF PRESENT DUTY ON SALT.

THURSDAY, November 19, 1908.

Mr. FULLER. Mr. Chairman and gentlemen, there are only a few points that I would like to bring up in this matter, and the details I would like to file in a brief. It is important that the present duty on salt be retained for the protection of the American salt industry, because, as Mr. Cady has said, the salt production in Turks Island and the West Indies and the Mediterranean ports, if the duty was taken off, would come in and absolutely take up all the salt business at the seaport towns in this country, and the same would be

true with English refined salt. We are now in competition with that business, and if the duty was taken off we could not do any business at the seaport towns or in the territory near the seaport towns. The foreign producers all have advantages over us in freight rates. I believe the ruling rate on English salt to this country is about \$1.25 a ton. It has been brought over here for nothing, and it can very frequently be brought over for 25 cents a ton, because the vessels are very glad to get the freight as ballast when the other freights are light.

The last report I have shows about 152,000 tons of salt imported into this country annually. Approximately 50 per cent of that salt pays no duty now. All the salt that goes to Gloucester, Mass., to the fisheries, which is about 50,000 tons, pays no duty, and there is about 25,000 tons, as near as I can find out, used on meats that are exported, on which there is a drawback, so that really there is only about 75,000 tons of salt imported into this country that is paying duty now. Why they do not pay duty on the fishing salt I do not know, but I think the salt was put on the free list to encourage the fishing industry.

Mr. FORDNEY. If it was not on the free list, all export fish would get the drawback.

Mr. FULLER. Yes; but all salt that comes into this country for fish, whether the fish is exported or not, is free.

Mr. UNDERWOOD. Do you think that should be changed?

Mr. FULLER. I do not—

Mr. UNDERWOOD. You think that the fisherman ought to have his salt free, but the man who feeds cattle in the West ought to pay duty on his salt?

Mr. FULLER. Really I do not know why that salt was allowed to come in free.

The CHAIRMAN. Do you not think this duty could be reduced, and the salt still be protected?

Mr. FULLER. I do not; no.

The CHAIRMAN. You think that you need 90 per cent on salt in bulk? That is equivalent to an ad valorem of 80 cents a hundred.

Mr. FULLER. If the duty on salt is reduced even, there is only, I think, about 30 cents advantage now in our favor, with the duty included.

The CHAIRMAN. What do you say the import price of salt is, laid down in New York?

Mr. FULLER. In bulk, the Turks Island salt—the last vessel that came in—was \$4.35 to \$4.50 a ton, laid down in New York.

Mr. GRIGGS. And yet you can make it for \$2.80 a ton?

Mr. FULLER. Yes, sir; we can make it at \$2.80 a ton; but we have to pay \$2.40 freight rate.

The CHAIRMAN. Let us find out about that price. Is that duty paid?

Mr. FULLER. Duty paid, between \$4.35 and \$4.50 net ton, laid down in New York.

Mr. GRIGGS. But do they not have to pay a freight rate from New York?

Mr. FULLER. Do you mean from New York into the interior?

Mr. GRIGGS. Yes.

Mr. FULLER. Oh, yes.

The CHAIRMAN. Is that Turks Island salt?

Mr. FULLER. Yes, sir; also English salt.

The CHAIRMAN. That brings a higher price, does it not?

Mr. FULLER. No; I think not.

The CHAIRMAN. Not in the market?

Mr. FULLER. No, sir.

The CHAIRMAN. It used to.

Mr. FULLER. It does in some cases, but in general, no.

The CHAIRMAN. It did when I was a boy.

Mr. GRIGGS. You want to make a market out from New York?

Mr. FULLER. Not necessarily, but New York City is a seaport town, as is Boston, Philadelphia, and the southern ports, Savannah, Norfolk; all those places.

Mr. GRIGGS. And yet it costs \$4 for delivery there?

Mr. FULLER. The salt, the duty, the freight, and everything; we can not produce our salt and get there in competition, with duty off.

Mr. UNDERWOOD. In other words, you want to take the seaport market where the freight rates are most advantageous to the importer, and you fix that as the basis on which you wish to recommend your tariff duties?

Mr. FULLER. I simply take the seaport towns because, as a rule, near those towns the market is very large; New York and Philadelphia have a large market—that is, right near New York and right near Philadelphia. It costs us \$2.40 a ton to get there.

Mr. UNDERWOOD. And when you go west——

Mr. FULLER. Of course the freights decrease in our favor and increase against the importer; then we have the advantage.

Mr. UNDERWOOD. You make a very large profit on your salt when you go into the interior where the freight rates amount to as much to him as to you?

Mr. FULLER. I do not think we do.

Mr. UNDERWOOD. Can you make the full extent of the duty when you go into the interior?

Mr. FULLER. Not nearly.

Mr. UNDERWOOD. You figure here that it costs you, in betterments, maintenance of your factories, and all, \$2.80 a ton f. o. b. car, and you take it on the foreign salt, landing in New York, at \$4.40 a ton, which means a cost to him of \$2.80 a car f. o. b. New York. Now, outside of the freight rate, it does not seem to me that there is any difference per ton.

Mr. FULLER. I do not quite understand what you mean by “outside of the freight rate.”

Mr. UNDERWOOD. Here is the proposition. You state that it costs you \$2.80 a ton at your factory f. o. b. car, and you say that the foreign salt is laid down in New York at \$4.40 a ton with the duty added. Deducting the duty, that lays the foreign salt down in New York at \$2.80, does it not?

Mr. FULLER. Yes, sir.

Mr. UNDERWOOD. The only difference, then, between your salt at the factory and the foreign salt in New York is the freight rate?

Mr. FULLER. There is a difference, that he has his salt right there where it is going to be consumed.

Mr. UNDERWOOD. While on your side you have your salt where he has to pay duty in order to get there?

Mr. FULLER. There is not a plant located where they have a freight rate of less than 5 cents a hundred pounds.

Mr. UNDERWOOD. In other words, you are trying to have a protective tariff amount to 90 per cent duty, and maintain a differential on freight?

Mr. FULLER. Not that much; I would not say that.

Mr. UNDERWOOD. But according to your own figures.

Mr. FULLER. According to your figures, yes; that is what it means. What we want is to have the duty maintained. If you take off the duty upon salt, it will cripple the industry in this country very materially, and it will not be limited to seaport towns; for instance, they could bring salt to New York, Turks Island salt, and lay it down for \$4.40 a ton. They can ship it to Buffalo by boat, and from there to Chicago and compete. They can ship it to Chicago practically as cheaply as we can from our producing point in New York State.

Mr. UNDERWOOD. It is the freight rate that you complain about, and you want the duty to protect you on the differential on the freight rate?

Mr. FULLER. I am not complaining about the freight rate, but in view of the present freight rate we must have the duty to protect us on the seaport towns.

Mr. GRIGGS. Did I understand you to say that the freight rate is 5 cents a pound or a hundred pounds?

Mr. FULLER. One hundred pounds.

Mr. GRIGGS. That is a dollar a ton?

Mr. FULLER. The rate is 12 cents a hundred pounds to New York.

Mr. GRIGGS. That is, you get the difference between a dollar a ton and \$2.50 a ton?

Mr. FULLER. The rate to New York is \$2.40. I said that there was not a place to which we could ship salt where it is consumed for a less rate than 5 cents a hundred pounds.

Mr. GRIGGS. What is the highest freight rate?

Mr. FULLER. That would depend upon where you wanted to go. In the market that I am interested in the highest freight rate where there is any consumption to speak of is \$2.80 a ton.

Mr. GRIGGS. To what place is that?

Mr. FULLER. To Boston; from the point where we ship from to Boston.

Mr. CLARK. When you talk about a ton you mean a 2,000-pound ton, not the long ton, 2,240 pounds?

Mr. FULLER. No; the 2,000-pound ton.

Mr. CLARK. Where are you from?

Mr. FULLER. Scranton.

Mr. CLARK. How does it happen that you make salt at precisely the same number of dollars and cents a ton that they do in Syracuse?

Mr. FULLER. I did not say that we did.

Mr. CLARK. But what you said and what the other gentlemen have said would lead us to form that conclusion.

Mr. FULLER. Oh, no. Nobody asked me what the price of salt was, and I have not come to that point yet.

Mr. CLARK. I asked you if it was \$2.80 a ton f. o. b.

Mr. FULLER. I misunderstood the question, then; I did not intend to say that.

Mr. CLARK. Then how much is it?

Mr. FULLER. It costs us approximately \$2.50 a ton to produce.

Mr. CLARK. You have 30 cents advantage, then, over the Syracuse factory?

Mr. FULLER. The salt is entirely different. The salt that I am talking about and the salt he manufactures really do not compete. We have the fine evaporated salt.

Mr. CLARK. Is your salt the fine, evaporated salt?

Mr. FULLER. Yes, sir.

Mr. CLARK. Is his fine, evaporated salt?

Mr. FULLER. I do not call it so; no.

Mr. DALZELL. What is his salt?

Mr. FULLER. Solar salt.

Mr. LONGWORTH. But he stated that he was in direct competition with you—that is, two or three witnesses were all in direct competition with each other.

Mr. FULLER. He is in competition with Mr. Brown. He is producing mined salt. Mr. Brown is to talk on the mined salt question. That is coarse, commercial salt. The International Salt Company of New York produces fine, evaporated salt.

The CHAIRMAN. Is this what it costs to make the salt in bulk, \$2.50 per ton?

Mr. FULLER. Yes, sir; that is the common grade of salt; \$2.50 per ton.

Mr. CLARK. You live in Scranton, do you?

Mr. FULLER. Yes, sir.

Mr. CLARK. What makes you keep talking all the time about sending salt to New York, Boston, and Philadelphia? Is there not a salt market anywhere outside of the north Atlantic seaports?

Mr. FULLER. Oh, yes; there is a market for our product through the Eastern States.

Mr. CLARK. Why do you not send some of it out West?

Mr. FULLER. We can not get out.

Mr. CLARK. What is the reason?

Mr. FULLER. The salt that is produced in the western market, in Ohio, Michigan, Kansas, and in Texas, get all of that trade, and can not reach that territory on account of the freight rates.

Mr. CLARK. You can get as far as Pittsburg only?

Mr. FULLER. We can not get in Pittsburg and compete with the salt made in Ohio.

Mr. CLARK. And you have to ship yours east?

Mr. FULLER. We practically ship no salt west of Buffalo.

Mr. FORDNEY. Salt is made in 12 States of the Union.

Mr. CLARK. I know it is made in a good many of them and could be made in a whole lot more.

Mr. GAINES. Is not the price of salt so small now that even if the duty were added to the price it would make very little difference in the cost to the ultimate consumer?

Mr. FULLER. To the consumer it would make no difference.

Mr. GAINES. In what shape do people generally buy salt for consumption in the household?

Mr. FULLER. Well, usually in small bags, the 3-pound pocket.

Mr. GAINES. If the duty were added, would that make any appreciable difference in the price of those bags?

Mr. FULLER. Well, it is almost infinitesimal. It would not make any difference in price to the consumer; no, sir. He would pay 5 cents a bag for the salt whether there was a duty of \$1.60 or not.

Mr. GAINES. What does salt cost to the packers in Chicago, we will say, by the ton?

Mr. FULLER. Most of the packers in Chicago now are buying salt at a pretty low price; I think it is about \$1.75 at the point of production. That would be about \$3.75 delivered.

Mr. GRIGGS. And yet it costs \$2.80 to make it?

Mr. FULLER. That is not evaporated salt that I am talking about; it is mined salt.

Mr. GAINES. I mean the kind used in packing; I am talking about curing of hams.

Mr. FULLER. That is all coarse commercial salt, mined salt.

Mr. GAINES. Have you any idea how much salt is used in curing a ham?

Mr. FULLER. No, I have not; I could not say.

Mr. GRIGGS. But you could tell for a whole hog?

Mr. FULLER. I do not believe I could. I could not give that off-hand, but I can get those figures.

Mr. GAINES. Let us have it, upon a ham weighing, say, 10 pounds.

Mr. GRIGGS. And what is that worth?

Mr. FULLER. Well, 10 pounds of salt would be worth not quite 2 cents—I do not think it would be worth that much—at \$5 per ton it would be $2\frac{1}{2}$ cents.

Mr. GRIGGS. I don't know, and am asking you.

Mr. CLARK. How much does a barrel of salt cost? That is the way it is usually sold. What is the wholesale price of a barrel of salt?

Mr. FULLER. They, as a rule, buy it by the ton.

Mr. CLARK. Mr. Gaines was asking you about 5-cent salt bags. That is not the way the salt is put up to any considerable extent.

Mr. FULLER. But there is quite a large sale of that.

Mr. CLARK. Absolutely there is, but relatively it is a small amount. How much does a barrel of salt cost, such as a groceryman will sell out in the country?

The CHAIRMAN. Yes; salt in the barrel. How much is that?

Mr. FULLER. Any package in it?

Mr. CLARK. No package in it, but the cost of a barrel of salt.

Mr. FULLER. Why, you will understand, we take salt in a small bag and we put a certain number of those bags, depending upon the size, in a barrel. Do you mean that way, or in bulk?

The CHAIRMAN. Do you pack salt in barrels?

Mr. FULLER. Yes, sir.

The CHAIRMAN. Then can you answer the question: How much does a barrel of salt, packed in a barrel, barrel and all, cost?

Mr. GAINES. Bulk salt; not in bags.

The CHAIRMAN. Never mind about the bulk salt, but answer the question. Do you sell it that way?

Mr. FULLER. Yes, we do; but my figures are based upon tonnage. It costs between 65 and 70 cents a barrel, including the barrel.

Mr. CLARK. If the tariff was taken off, how much would it cost?

Mr. FULLER. It would not cost any less.

Mr. CLARK. Why would it not cost any less?

Mr. FULLER. Because the tariff on a barrel of salt is infinitesimal, and it would not make any difference.

Mr. CLARK. Would it not make 5 cents difference?

Mr. FULLER. As I tell you, I never figured it down on that basis. The only effect that would be had in taking the tariff off would be to allow the foreign salt to come in and drive our salt back and reduce our consumption.

Mr. GRIGGS. A large amount of salt is sold in sacks?

Mr. FULLER. Yes, sir.

The CHAIRMAN. How many pounds in a barrel?

Mr. FULLER. Two hundred, usually.

The CHAIRMAN. And the tariff is 8 cents a hundred pounds?

Mr. FULLER. Yes, sir.

Mr. CLARK. That is 24 cents a bag, is it not?

Mr. FULLER. Twenty-four cents a barrel.

Mr. CLARK. That is what I was trying to get at.

Mr. GRIGGS. And \$2.40 in addition to that.

Mr. CLARK. If the tariff was taken off of salt, and there could be a way devised to keep the middleman from absorbing all the profits, then the man who buys a barrel of salt on the farm would get it for about 20 to 24 cents a barrel cheaper than now?

Mr. FULLER. No, sir.

Mr. CLARK. And you would make the same money as now?

Mr. FULLER. No, sir; we would not.

Mr. CLARK. Why would he not get it 24 cents cheaper, if there was 280 pounds of salt in the barrel?

Mr. FULLER. The tariff would not affect the man in the country.

Mr. CLARK. Why?

Mr. FULLER. Because the foreign salt could not get in there.

Mr. CLARK. But your salt would get in.

Mr. FULLER. We would not reduce on our salt.

Mr. CLARK. Why not, if the foreign salt could come in and undersell you if you did not cut the price down?

Mr. FULLER. I am trying to tell you about foreign salt. Unless the man on the farm lived near the seacoast the tariff would not affect him one way or the other; it would not protect the price of his salt. He would have to be in the neighborhood of a place where the salt is laid down to get the benefit of it.

Mr. CLARK. If you are going to get the same price, tariff or no tariff, what do you care about the tariff?

Mr. FULLER. It affects our tonnage so much that we do not want the foreign salt to come into the seaports and cut down that tonnage.

Mr. FORDNEY. Isn't it true that salt is so cheap that it is cheaper to the consumer than mineral water is?

Mr. FULLER. I do not know anything about mineral water.

Mr. CLARK. The average consumer does not drink mineral water.

STATEMENT OF EDWARD W. BROWN, OF 23 BEAVER STREET, NEW YORK, REPRESENTING THE STERLING SALT CO., WHO ASKS THAT THERE BE NO CHANGE IN SALT DUTIES.

THURSDAY, *November 19, 1908.*

Mr. BROWN. Mr. Chairman and gentlemen, I represent the Sterling Salt Company, of New York.

Our works are located at Cuylerville, Livingston County, N. Y., 30 miles south of Rochester. I appear to respectfully request that no change be made in the existing tariff on salt.

This company employs upward of 200 men and our wage average is \$2.03 per day, a considerable part of our force being skilled or semiskilled labor.

The product of this company is a coarse salt. It is used very extensively for the manufacture of chemicals, for the manufacture of ice cream, the various uses of the packing houses, salting fish, making brine or pickle for any purpose, and for many other uses.

More than two-thirds of our product is shipped into New England, New York, Pennsylvania, Virginia, and Maryland. The balance is shipped to Chicago and other points west and southwest.

Our principal markets in the States enumerated are the large seaport cities, including Boston, Providence, New Haven, New York, Philadelphia, and Baltimore.

The imported salts which compete most directly with our product are the coarse solar grades shipped from the West Indies and from the Mediterranean ports of Italy, Spain, and Portugal. In both of these sections cheap negro or native labor is employed and the hot tropical climate materially assists to produce a very cheap but satisfactory grade of salt.

I have not exact figures to show the cost of labor at these points, but it does not exceed 60 or 65 cents per day, or less than one-third of the cost of our labor. As approximately three-fourths of the cost of salt is labor, the great advantage of the foreign producer is apparent.

The unit of measure used in this paper is a ton of 2,000 pounds.

The average freight from the West Indies to New York, Boston, Philadelphia, or Norfolk does not exceed \$1.65 per ton. The lowest freight rate in effect from Cuylerville, N. Y., where our works are located, to Philadelphia or Baltimore is \$2.40 per ton; to New Haven, Providence, Boston, and Gloucester, \$2.80 per ton. The lowest rail rate to New York City is \$2.40 per ton, but during the open season of the Erie Canal we have been able to get a part of our salt to New York City at an expense of \$2.20 per ton, which would make our average freight to New York City about \$2.30 per ton.

You will therefore see that to the principal Atlantic coast ports our foreign competitor has an advantage in freight varying from 65 cents to \$1.15 per ton.

During the past two years the average cost of coarse salt from the West Indies or the Mediterranean has not exceeded \$3.20 per ton c. i. f. Philadelphia, New York, or Boston.

There is now in transit from the Island of Bonaire, destined for Boston, a cargo of very high-grade salt, which will cost c. i. f. Boston less than \$2.75 per ton. As our lowest freight rate to that point is \$2.80 per ton, how can we be expected to compete if the duty is removed or materially lowered?

Mr. NEEDHAM. What do you mean by c. i. f.?

Mr. BROWN. Cost, insurance, and freight; everything but the duty.

Mr. CLARK. Are all the salt factories in Europe located on the seacoast—those that export to this country?

Mr. BROWN. Yes, sir.

Mr. CLARK. You know that, do you?

Mr. BROWN. I do. In England the fine salt works, which I am not an expert on, are located at Cheshire, about 12 miles from Liverpool, on the River Mersey. The salt companies own their own barges, they load the salt on the barge and take it to Liverpool at a trifling cost, so that they are practically on the seacoast. The producers who come in competition with us are located along the different ports of the Mediterranean, in Spain, Italy, and Sicily, and some in Portugal. However, I have never been there. My firm understanding is that they are located directly on the water.

Mr. CLARK. Isn't it a very peculiar geographical and topographical fact that none of the American salt wells are located on the seacoast, while all of the salt wells of Europe are?

Mr. BROWN. The Mediterranean producers do not use wells; they use the sea water. The Mediterranean Sea is very salty. They draw this water into lagoons, dam them up, and the hot, tropical sun assists very materially in evaporating the salt. It is solar salt, of the same nature as that made at Syracuse.

Mr. GRIGGS. Is it not the same way in Utah?

Mr. BROWN. There are salt producers in Utah; yes.

The CHAIRMAN. The salt mines of Louisiana are located at the mouth of the Mississippi River.

Mr. BROWN. The salt mines in Louisiana are not located on the river, but some 100 miles west thereof, necessitating their shipments being made by rail to reach the river port of New Orleans. Now, here is a point that I would like very much to bring out: For many years past the tariff law has contained a proviso that salt for the use of the coast fisheries shall be free of duty. What is the result?

For the past fifteen or twenty years, except under very exceptional and unusual conditions, not one pound of American salt has been used by any of the large fisheries located at Gloucester and other New England ports.

We do not ask that this proviso be rescinded, because we believe that the advantage the foreign salt has in freights would enable our competitors to undersell us at these fishing points, even if there were a duty on salt, and we are not here to advocate any measure that will tend to increase the cost of our commodity to any class of consumers, particularly when such increase would not materially benefit the salt producers in this country.

On the Erie Canal the balance of traffic is east bound. The canal boats returning to Buffalo are willing at times to accept cargoes at almost nominal rates, so that imported salt can be loaded into a canal boat in New York City and carried to Buffalo at a very small cost, and Buffalo is a most important distributing point.

Our works are only 60 miles from Buffalo, yet there have been many opportunities in recent years when it has been possible to bring salt from Liverpool to New York as ballast at 1 shilling per ton freight, transfer it to a canal boat at New York, and land it at Buffalo, 3,500 miles away, at a lower transportation cost than the

freight from Cuylerville to Buffalo, and Buffalo is one of the main distributing markets for the West.

I do not want to be understood as meaning that this is a feasible business proposition, but it is a possibility.

I might concede that under normal conditions we do not fear any disastrous competition with foreign salt at inland points, but at all of the coast ports enumerated, as well as at Springfield, Hartford, Newark, Trenton, Washington, Richmond, and other points tributary to the coast, any reduction in the tariff would result in curtailing our sales and seriously affecting our profits.

I believe that there is no demand by the large consumers of salt or by the public, for any reduction in the tariff on salt, and I furthermore firmly believe that a reduction in the tariff would not to the slightest degree benefit any of the consumers of salt, with some few trifling exceptions.

Outside of the large industries, the great mass of the people purchase salt in bags varying from the small pocket of 2 or 3 pounds up to bags of 10 or 14 pounds.

If the entire benefit was derived from the reduction of the whole duty of 8 cents per hundred pounds the reduction in the cost of a 10-pound packet would be less than 1 cent. This small amount would be absorbed by the various jobbers or grocers, wholesale and retail, who must handle the salt, and it is most unlikely that the consumer would benefit a particle.

Very moderate prices have been in effect. There is no complaint regarding the price of salt, and the prevailing price of this commodity is not a tax on anyone.

Mr. CLARK. Do you not think that you might be induced to increase the size of the bag a little?

Mr. BROWN. The domestic producer of this salt, if he has to sell the salt at the present prices, can not afford to increase the size of the bag.

The tabulated statement recently issued by the United States Government shows that for the past ten years under the present tariff law the production of salt has steadily increased, while the value per ton has steadily decreased.

There is an abundant supply of salt in this country for our needs, and salt deposits are so distributed throughout the country that salt never can become a monopoly, and the public are assured of reasonable prices, provided the domestic manufacturer is given a reasonable opportunity to keep his works in operation.

The Government statistics show that the total production of salt in this country in 1907 amounted to 29,704,128 barrels of 280 pounds each, equal to 4,158,578 tons of 2,000 pounds, at a value of \$7,439,551, equal to \$1.78 per ton.

As a reasonable duty is, in my opinion, absolutely essential for the profitable operation of salt works in New York State, which is the principal salt-producing State in this country, and as the duty is not an appreciable tax upon anyone, we respectfully petition your honorable body that you will make no change in the existing tariff on salt.

Notice of the hearing on salt did not reach us until day before yesterday. We have had no chance to prepare a brief, but can do

so without delay, and ask your permission to later file same. I would also state, I believe that most of the salt producers of the country are not aware of this hearing to-day, and this explains why more are not here.

Mr. CLARK. Mr. BROWN, several years ago when Congress put up the internal-revenue tax on beer, the beer makers, or somebody connected with the trade, went to work and cut down the size of the beer glass. That was the way they evened up. What I was trying to get at awhile ago was this: What is the reason this matter can not be evened up in the same way for the benefit of the consumer, as well as the gentlemen who were selling the beer? Why can not the salt bag be made a little larger?

Mr. BROWN. I suppose it would result in a similar action.

Mr. CLARK. But I mean to increase the size of the salt bag. Of course it would make a very small difference, if the tariff were taken off, upon a 2, 4, 6, or an 8 pound bag of salt. That was the difficulty suggested by Mr. Gaines. Would it not be just as easy to increase the size of the salt bags as it was to cut down the size of the beer glass; to put in an extra pound or two?

Mr. BROWN. When a producer is not earning very much money he is not under much temptation to increase the size of the package.

Mr. CLARK. But here is the trouble about it, it seems to me, not only in regard to the salt tariff, but upon several other things that we have had up here, the reply has always been that the consumer would get no benefit by the change in the tariff; that the string of middlemen would absorb what you would lose on salt, for instance; that is, the middleman would get it instead of the consumer. What I have been trying to get somebody to suggest was some way so that there would be a cut down that the consumer could get the benefit of.

Mr. BROWN. The consumer would get some benefit; yes.

Mr. CLARK. How far west do you ship your salt?

Mr. BROWN. To Chicago.

Mr. CLARK. How does it happen that you can ship your salt to Chicago and compete out there, when Mr. Fuller, from Scranton, can not ship his salt as far west as Pittsburg and compete with the Ohio men?

Mr. BROWN. Because there are a great many salt producers in Ohio and Michigan who are producing the grade of salt that Mr. Fuller produces; therefore he is practically barred out. Fortunately for my company, there are no producers of the same grade of salt in Michigan, so that we have an opportunity to sell there.

Mr. CLARK. Then you do not produce the same kind of salt that Mr. Fuller produces?

Mr. BROWN. He produces a number of grades. He does produce one grade practically the same as the Sterling Company produces.

Mr. CLARK. Now, is there an agreement among all of the salt producers in the United States to hold the price of salt up?

Mr. BROWN. Absolutely none.

Mr. CLARK. Then there is not any such thing on earth as the American salt trust?

Mr. BROWN. Not that I know of; we have no connection with it.

Mr. GRIGGS. No agreement with it?

Mr. BROWN. No.

Mr. FORDNEY. If the consumer would be benefited by an increased quantity in the 5 or 10 pound bag, it would cost more for the cotton in the bag than for the added salt?

Mr. BROWN. Yes; because in the case of small bags the cost of the package is greater than the cost of the salt.

The CHAIRMAN. I want to ask a question about the salt coming in competition with yours. What is that laid down for in New York—the foreign salt?

Mr. BROWN. Foreign salt to-day is landed in New York at approximately \$3 a ton c. i. f.; that is, without the duty.

The CHAIRMAN. And what does your salt cost at New York?

Mr. BROWN. Our freight to New York is \$2.40, our rail freight, which is what we have to depend upon most of the time.

The CHAIRMAN. Are you on the line of the canal?

Mr. BROWN. No, sir; we ship by rail to the canal at Rochester, transferring at that point to a canal boat; and when canal freights are low we obtain a small benefit that way.

The CHAIRMAN. What does salt cost your factory to produce it?

Mr. BROWN. That is a rather difficult question for me to answer, but it is quite materially lower than the figures on the other salt. We are miners of salt, and if you figure interest on the plant, and matters of that sort, it would cost us in the neighborhood of \$1.50 a ton.

Mr. BOUTELL. But do you compete in selling to the packers in Chicago? Who are your competitors?

Mr. BROWN. We compete with the International Salt Company, of Illinois, and with the Louisiana companies, who send salt up there to some extent. Then the packers are large users of Syracuse salt.

Mr. BOUTELL. Who furnishes, if you know, the Omaha and Kansas City packers?

Mr. BROWN. The salt mining companies in Kansas or Louisiana. We can not ship there.

Mr. BOUTELL. And the packing houses of Texas, I presume, are supplied by the Louisiana factories?

Mr. BROWN. Louisiana or Texas.

Mr. BOUTELL. Would a reduction or a repeal of this duty on salt, either one, benefit the interior packers at Chicago, Milwaukee, Omaha, or Kansas City, and if so to what extent?

Mr. BROWN. Not appreciably. You know the packers of export meat can obtain a drawback on the duty.

Mr. BOUTELL. I understand, but on the general curing of domestic meats, would the reduction or the repeal of the duty be of benefit to them so that it could be passed on to the consumers of meat?

Mr. BROWN. I do not think there would be anything left to pass on. There would be a difference, yes.

Mr. BOUTELL. I trust that before these hearings are closed, we will find some object where a lowering of or a repeal of the duty would be passed on to the consumer. So far the testimony seems all to be one way.

Mr. BROWN. Some ten years ago, at the hearings, a number of western packers joined in a petition asking that salt be kept on the free list. None of them are here to-day and to the best of my knowledge none of them care anything about it. It does not affect them one iota; it does not really affect them.

Mr. CLARK. Do they add the price of salt to the price of the meat?

Mr. BROWN. The price the gentleman over here was talking about was that of salt for a ham. The cost of that salt would probably be one-fiftieth of a cent. When you even add 90 per cent duty, which is very erroneous, because that 90 per cent is based upon the value of that salt at the point of production, but the freight on salt is nearly 100 per cent of the selling price of salt, and when you get that salt to this country and pay freight on it, and get it to the point where it is used, that 90 per cent shrinks to a very much lower figure.

Mr. CLARK. This one-fiftieth of a cent—

Mr. BROWN. I was using that figure offhand.

Mr. CLARK. I understand, but they take advantage of that to add about 1 cent a pound.

Mr. BROWN. But you must not hold me responsible for that.

Mr. CLARK. But I am asking you whether, as a matter of fact, you have any idea that the packers are going to let anything slip through their fingers. The large part of the salt sold in the United States is sold to consumers. You are considering the big fellows, while in the aggregate the little fellows amount to more than the big ones. The very large proportion of the salt consumed is bought in barrels by farmers. If the tariff were taken off, how much difference would it make in the cost of a barrel of salt, provided the consumer got the advantage of it?

Mr. BROWN. Eight cents a hundred on 280 pounds, which would be approximately 20 cents. But I do not think he would get it, because he is not buying foreign salt.

Mr. CLARK. Well, I know; but if he does not buy the imported salt, then it does not affect your trade, does it?

Mr. BROWN. It would not affect it inland; no, sir.

Mr. CLARK. It has been claimed in Congress over and over again within my recollection that American salt can not be used successfully in this fish industry in New England. Is that true or not true?

Mr. BROWN. That is not true, sir.

Mr. CLARK. I am glad to hear it.

Mr. CRUMPACKER. The Chicago packers pack and cure large quantities of meats for the export trade. Do they use imported salt, upon which they are entitled to a drawback of 99 per cent, to any extent?

Mr. BROWN. I think nearly all the export meat is packed with English salt.

Mr. CRUMPACKER. Because it is cheaper?

Mr. BROWN. The price is about the same, but there is a prejudice in its favor in England, and many of the buyers try to stipulate and do stipulate that meats for their markets shall be packed in English salt.

Mr. CRUMPACKER. The idea that I wanted to develop is as to whether it is practicable to send foreign salt into the country as far as Chicago?

Mr. BROWN. Yes, sir.

Mr. CRUMPACKER. It is?

Mr. BROWN. It is.

Mr. CRUMPACKER. So that if the duty were taken off salt it would affect more or less the price of salt in the Mississippi Valley?

Mr. BROWN. It would; it would have an influence on it.

Mr. CRUMPACKER. I had the impression that the freights were so great that the people in the Mississippi Valley, between the Alle-

ghenies and the Rockies, would not be affected one way or the other by the question of the duty.

Mr. BROWN. The average consumer would not be affected, but the packing houses—speaking offhand—I do not sell imported salt to packers, but I think they use about 10,000 tons a year of imported salt.

Mr. CRUMPACKER. So that the Chicago packers can buy and use imported salt in packing and curing their meats designed for the export trade, receiving a drawback, for less money than they can buy salt produced in this country?

Mr. BROWN. I will not say for less money, but for practically the same.

Mr. GAINES. Do you know whether the individual purchaser of salt pays more for it in this country than in other countries?

Mr. BROWN. In Great Britain the cost of salt to the ordinary consumer is about the same as it is in this country. In France the consumer pays about ten times what he pays here. The Government charges a very high internal-revenue tax there. In Italy it is even more than that, while in Austria and Hungary it is a government monopoly, and salt for family uses is something like 10 cents a pound. It is 30 to 40 times the cost to the householder in this country.

Mr. GAINES. Do you know, Mr. Brown, whether there is anything in our labor laws that imposes a condition involving an expense upon the manufacture of salt in this country not imposed by the foreigner?

Mr. BROWN. Yes. The labor commissioner of New York State has recently directed us to open up a new shaft for the purpose of the safety of the miners. That will put us to an expense of approximately \$100,000 in order to conform to that—handicap us against the foreign producers. There are labor conditions that we have to conform that cause a handicap against the foreign producer.

Mr. GRIGGS. Do I understand you to say—you have not stated so directly, but have seemed to intimate it—that it is only a question of freight rates?

Mr. BROWN. It is to get around freight rates, very low ocean freight rates, that we particularly ask for this duty.

Mr. GRIGGS. The duty on salt only affects seaport towns. Do you mean to say that it does not affect interior towns?

Mr. BROWN. It affects them indirectly only, excepting in the case of large packers.

Mr. GRIGGS. An indirect affection regarding money is pretty close to a direct affection, is it not?

Mr. BROWN. In my paper I have said that we will concede we do not fear any disastrous competition from foreign salt at inland points.

Mr. GRIGGS. The gentleman who preceded you said that it cost him \$2.80 to make a ton of salt.

Mr. BROWN. That is at Syracuse, the solar salt.

Mr. GRIGGS. Where are you?

Mr. BROWN. We are near Rochester, at Cuylerville, N. Y.

Mr. GRIGGS. Not very far apart?

Mr. BROWN. Not very far apart.

Mr. GRIGGS. And yet it only costs you \$1.50?

Mr. BROWN. We mine salt. We sunk a shaft nearly 1,200 feet deep, and take the salt out that way.

Mr. GRIGGS. He does not?

Mr. BROWN. No, sir; he makes it by a very similar process to what they use in the West Indies. He takes the salt water from the wells, runs it into these shallow vats that you see as you pass through Syracuse, and the sun evaporates the water. Then the American laborer rakes up the salt, dries it, cures it, and screens it.

Mr. GRIGGS. Then it is cheaper for you to make salt than he?

Mr. BROWN. Yes, sir.

Mr. GRIGGS. Where he would lose money you would make a good profit?

Mr. BROWN. His salt is suitable for some purposes that ours is not, and he is pretty largely restricted to those uses in the sale of it.

SUPPLEMENTAL STATEMENT RELATING TO THE DUTY ON SALT, PRESENTED BY M. B. FULLER IN BEHALF OF THE SALT MANU- FACTURERS OF NEW YORK STATE.

SCRANTON, PA., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: To demonstrate the necessity for the retention of the present duty on salt we give you herein, briefly, the general facts, feeling assured that a perusal of our statement will convince you of the justice of our contention.

The existing duty is not an appreciable tax on any consumer, and its removal would result in no lower prices to the consumer.

Salt is about the cheapest manufactured article of commerce, and the average freight rates from salt works and salt mines in the State of New York to the principal cities in the territory naturally tributary to said salt plants are as much as the selling price of salt at the point of production. Average freight rates from salt-shipping stations in Great Britain and the West Indies for the year 1908 to various Atlantic coast ports, and the lowest freight rates from New York State plants to the same ports, per ton of 2,000 pounds, are as follows:

To New York, Philadelphia, and Baltimore:

From Liverpool—

Steam -----	\$1. 20
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Sail -----	.50
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From West Indies, sail -----	.80
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From New York State works -----	2. 40
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To Boston:

From Liverpool—

Steam -----	1. 20
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Sail -----	.50
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From West Indies, sail -----	.80
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From New York State works -----	2. 80
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To Norfolk, Va.:

From Liverpool, steam -----	1. 00
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From West Indies, sail -----	.80
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From New York State works -----	2. 50
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To Savannah, Ga.:

From Liverpool, steam -----	1. 15
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From New York State works -----	2. 15
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To Wilmington, N. C., Charleston, S. C., and Jacksonville, Fla.:

From Liverpool, steam -----	1. 15
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From New York State works -----	2. 15
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NOTE.—The rates from New York State salt-shipping stations to Norfolk, Wilmington, Charleston, Savannah, and Jacksonville are combination rates

based on rail and ocean freights. The steam and sail freights given from foreign salt-shipping stations are often 50 per cent less under special charters made with tramp vessels to carry the salt as ballast.

Taking into consideration the fact that about 50 per cent of the selling price of salt is made up of the freight on same, it can readily be seen from the following figures that without a protective tariff the salt industry would quickly be destroyed.

The grades of salt known in Liverpool as common and vacuum salt correspond to the New York State production of common fine and granulated salt, known as fine and coarse barrel salt. The average present cost of producing this grade of salt in the State of New York is \$2.50 per net ton. The same grade of salt can be bought f. o. b. vessel at Liverpool at \$2.15 per net ton (which gives the English producer a profit), and by adding the steamer freight of \$1.20 and the duty of \$1.60 the salt will cost, delivered at the port of New York, \$4.95 per net ton. Deduct from this price the freight rate from New York State salt plants to New York City of \$2.40, and it leaves the New York State salt producer \$2.55 per net ton for his product, when salt is shipped from Liverpool at the highest rate of freight; but when Liverpool salt is shipped by sailing vessel it would give the New York State producer only \$1.85 per net ton for his product, which is less than the cost of manufacture. The same thing applies to Philadelphia and Baltimore.

If the duty were removed, the New York State producer, in order to meet foreign competition, steamer shipments, would be obliged to sell his product at 95 cents per net ton, and when shipments moved by sailing vessel at 25 cents per net ton f. o. b. works.

As the territory affected, tributary to New York State salt plants, comprises the States bordering on the Atlantic Ocean, and which consume 75 per cent of the salt produced in New York State, the continuation of the industry would be practically impossible in New York State if the present duty is not retained.

At the ports of Norfolk, Wilmington, Charleston, Savannah, and Jacksonville, which are the principal South Atlantic ports, the cost of either grade of English salt is as follows:

	Per net ton.
Cost of salt in Liverpool-----	\$2. 15
Freight and insurance-----	1. 15
Duty-----	1. 60
Total-----	4. 90

New York State salt at the same ports incurs the following freight and insurance charges:

	Per net ton.
Rail freight from shipping point to tide water-----	\$1. 50
Average schooner freight and insurance-----	1. 45
Total-----	2. 95

Deduct this expense from the delivered price of English salt at the same ports and it leaves only \$1.95 for domestic salt at the point of shipment, which is less than the average cost of producing salt in New York State. If the duty of \$1.60 per ton should be eliminated, the result would be \$0.35 per net ton for domestic salt f. o. b. shipping point.

Prices to consumer not affected by tariff.

From information gathered in the past few years, the popular packages for domestic consumption are the 5 and 10 cent sacks of dairy and table salt. The 5-cent size contains 5 pounds of salt, and the 10-cent size 10 pounds. The manufacturer will deliver these packages in carload lots at any railroad station in the United States at a price of \$2.50 per hundred (including sack and freight) for the 5-pound size, and \$5 per hundred (including sack and freight) for the 10-pound size. The producer's delivered price to the jobber and the retailer's selling price to the customer prove that the duty on salt in no way makes up any part of the cost of the salt to the individual consumer.

From tables compiled in the past, the total annual consumption of salt in the United States, including that used in manufacturing and for chemical purposes, is 70 pounds per capita per annum. The household consumption, which means the salt used in the kitchen and on the table, is 15 pounds per capita per annum.

The duty on this consumption would be as follows:

70-pound consumption.....	\$0.0056
15-pound consumption.....	.0012

One pound of salt will salt 16 pounds of butter, so that the present duty amounts to 1 cent for each 200 pounds of butter. No benefit would result to the farmer from the abolition of the duty, and his cost would in no way be affected if the duty is retained. The trifling differential is absorbed in either case by the middleman.

We might also briefly call attention to the difference in wages paid in the New York State salt-producing districts as compared with those in England:

	New York State.	England.
	<i>Per week.</i>	<i>Per week.</i>
Ordinary labor.....	\$10.50	\$5.00 to \$6.00
Partially skilled.....	19.25	8.00 to 9.00
Carpenters and masons.....	15.00	6.00

The above comparison of wages shows conclusively that the cost of producing salt in the United States is materially higher than in England.

Other arguments could be offered to substantiate our position in this matter, but we feel that the facts above stated are sufficient to convince your honorable body of the justice of our request that the present duty on salt be continued.

All of which is respectfully submitted by

MORTIMER B. FULLER,
President International Salt Company of New York.

**HON. PETER A. PORTER, M. C., FILES LETTER OF THE ROCK GLEN
(N. Y.) SALT COMPANY, ASKING FOR A SLIGHT INCREASE OF
THE DUTY ON SALT.**

ROCK GLEN, N. Y., *December 9, 1908.*

HON. PETER A. PORTER,
Washington, D. C.

DEAR SIR: Referring to the hearings that have been held by the Ways and Means Committee of the House of Representatives, for the purpose of revising the tariff, in which we are interested in regard to the tariff on salt, the present duty, 8 cents per 100 pounds on bulk salt and 12 cents per 100 pounds on salt in packages, is too low, and should be raised, we believe, a trifle, as there is a lot of salt coming in from abroad, especially from Liverpool, England, during the season of 1908. We inclose herewith a copy of a letter from Eastport, Me. These people use 25,000 sacks annually, and they are able, so we understand, to get their salt through for ballast. Our rate from here by rail is 23 cents per 100 pounds, and they receive their salt without paying freight and pay a duty of 12 cents per 100 pounds. Trust you will use your efforts in every way possible to have the present duty retained or advanced 2 or 3 cents per 100 pounds. Kindly keep us advised, if you will, in advance as to any hearings that are to be held and the result from time to time.

Yours, truly,

ROCK GLEN SALT Co.,
F. W. RELYEA.

EXHIBIT A.

EASTPORT, ME., *July 7, 1908.*

ROCK GLEN SALT COMPANY,
Rock Glen, N. Y.

GENTLEMEN: We are in receipt of your valued favor of the 3d instant in reference to purchasing salt, and in reply will say we have purchased what salt we shall require this season from Liverpool, England. Another season we shall be pleased to take the matter up with you early in the spring.

Yours, truly,

B. F. MILLIKEN & SON.

**ASA BIRD GARDINER, JR., GARDINER DAIRY, BALTIMORE, MD.,
WISHES THE DUTY ON SALT MODIFIED.**

BALTIMORE, MD., *December 16, 1908.*

CHAIRMAN OF THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: Believing that the tariff on salt should be modified, I beg as a consumer to lay before your committee the fact that the salt business of this country is in the hands of the International Salt Company, of New Jersey.

They control the salt made in this country, and they only compete under certain circumstances with the salt made at Turks Island and other minor places.

Moreover, without reasons made known, they raise the price of salt at will.

About April of this year on salt known as "C. C. Mineral," Retsof brand, in carload lots, they increased the price 10 cents per bag of 200 pounds, which is equivalent to \$2 a short ton, and refused orders for salt in bulk or carload lots, which they formerly accepted.

As we were using five cars of salt a month during the summer season this additional charge cost us about \$100 per month excess. The cost of manufacturing this salt and distributing it throughout the eastern part of the United States is less than the cost of manufacturing it elsewhere, and if not the prices charged with the arbitrary raises are greater than the cost of that made elsewhere plus the tariff on the salt.

I would also submit that the International Salt Company has made its selling price as high for its lowest quotation as the price of foreign salt landed at a United States port plus the tariff, and that the system of making, preparing, and marketing the salt of the International Salt Company permits that company to sell salt in competition with foreign salts without the protection of the tariff, and that the United States Government receives practically nothing for tariff duties, owing to the position taken by the International Salt Company, for they take the tariff intended for the Government.

If the tariff was abolished, the United States Government would lose a very small sum, whereas the consumer of salt would benefit largely.

I sincerely trust this matter will come up before you and will receive your earnest consideration.

Yours, very truly,

ASA B. GARDINER.

ROCK SALT AND NUTS.

BRIEF OF RETAIL CONFECTIONERS AND ICE-CREAM MANUFACTURERS' PROTECTIVE ASSOCIATION OF NEW YORK.

NEW YORK, *December 15, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: On behalf of the Retail Confectioners and Ice-Cream Manufacturers' Protective Association of the State of New York, composed of confectioners and ice-cream manufacturers of New York State, the undersigned desires to present the following brief to your committee relative to the reduction of the tariff on raw materials used in the manufacture of our various products as follows:

ROCK SALT.

We would recommend the taking off of the duty on rock salt, for the reason that it can be produced here cheaper than the imported article and that by the placing of a duty on foreign salt it is of no benefit to the public and consumers.

Its only benefit, if any, is to W. A. Hazard & Co. and a few others interested in the so-called "salt trust." A further reason for the taking

off of the duty is that the fish and meat packers are exempt from this duty on salt by the receipt of a drawback for whatever salt they use.

The ice-cream manufacturers, not to mention others who use large quantities of salt, receive no drawback of duty on the imported salt they use, and have therefore to pay in consequence thereof a higher price for the domestic article.

SHELLED NUTS.

Regarding shelled nuts, we would also recommend to your committee a reduction of the duty of at least 50 per cent on all shelled nuts, with the exception of peanuts.

Because the domestic nuts, such as walnuts, almonds, filberts, Brazil nuts, pignolia nuts, are not produced in the United States in sufficient quantities and are also deficient in the quality or flavor of the imported article.

Therefore only a very few are benefited, at the expense of many, by the duty. The public and consumer in general receive no benefit from the duty on nuts, as the home-grown article is used to very little extent.

The peanuts produced in the United States have proven themselves to be of better quality than the foreign-grown article, and we therefore exempt same from our plea for the reduction of the duty on shelled nuts.

To give your committee a more thorough explanation, however, a committee of this organization will be pleased to appear before you at such time and place as you may designate.

Bespeaking for the foregoing your careful consideration, we are, on behalf of the Confectioners and Ice-Cream Manufacturers' Protective Association,

Yours, very truly,

ERNST A. G. INTEMANN, *President.*
F. C. HENRY HESSE, *Secretary.*

STARCH, DEXTRIN, SAGO, AND TAPIOCA.

[Paragraphs 285, 286, 652, and 677.]

STATEMENT OF HON. EUGENE HALE, A SENATOR FROM THE STATE OF MAINE, RELATIVE TO STARCHES.

WEDNESDAY, *November 18, 1908.*

Senator HALE. Mr. Chairman and gentlemen of the committee, the immediate occasion of my coming here is a dispatch which I received last night, which says:

Hearing on starch to-morrow. We should have duty on tapioca and other starches that are used in print mills, and others. See letter.

Mr. DALZELL. Senator, you want a duty on tapioca?

Senator HALE. Yes; and certain other products used as starch. This is a matter, Mr. Chairman, in which my constituents, especially in the county of Aroostook, are vitally interested—the agricultural

product of potatoes, and the starch factories which consume a certain portion of that product. This letter which I will read will present, perhaps in a better way than I can, the desires and expectations of this part of my constituents. It says:

MY DEAR SENATOR: You are no doubt aware that the hearing on agricultural products and provisions, which includes potato starch, will be held to-morrow, the 18th. A movement may be made by dealers in New York to have the duty on potato starch reduced. You understand we have some 75 potato-starch factories here in our State, and if the duty should be reduced it will close every factory in Maine and would affect every farmer in Aroostook County. The make of starch in our State this fall was almost a failure, for the first time in thirty-five years, and there is a lot of foreign starch now coming in at about \$2.20 to \$2.80 per hundred pounds. There is at present a specific duty of 1½ cents per pound, and it should be retained, or the great industry will be destroyed. Potato starch, of course, is all that we have to depend upon. If we were obliged to compete with German and Dutch starch, it would mean that we could not pay over 10 cents per bushel for potatoes.

Next comes a point I want to call the special attention of the committee to:

At the time the Dingley bill was passed there was a clause reading as follows:

"Starch, and all preparations used as starch, one and one-half cents."

This was inserted to cut off sago flour and tapioca flour. The duties on these were collected for a year or two years, but by ruling of the Treasury Department they let these products in free, claiming that they were mentioned in the free list, which only meant for household use. I do not object so much to sago flour, as I understand for certain purposes it must be used, but the tapioca flour comes in by thousands of tons, and is used in place of potato starch and corn-starch, and should certainly be classed as starch and have a starch duty.

I wish to call the attention of the committee especially to this matter of tapioca starch. When the provisions of the Dingley bill were framed, through inattention tapioca was not specially provided for as subject to a duty, but the provision of law, "starch, including all preparations, from whatever substance produced, fit for use as starch," was presumed and supposed to cover tapioca.

MR. DALZELL. Tapioca is on the free list.

SENATOR HALE. I am coming to that. There was this provision which I have spoken of, but tapioca in terms was left upon the free list. For two years the Government enforced the duties upon tapioca as a starch product used for the same purposes as starch, until the matter got into the courts, and the courts decided that as there was no provision touching tapioca in terms, to be included as a dutiable product, and it was put on the free list, it would not be subject to duty. The inadvertence consisted in this: It was well known at the time that tapioca was a product used, as starch is, for sizing, but the clause should have been inserted, "tapioca, when used for any purposes, like starch, for sizing." But the court decided that as it was left upon the free list it included all tapioca. A curious result, which is an illustration of the different effect of an article protected and an article left unprotected, in the open door, is furnished by the figures. I have been interested, Mr. Chairman, in seeing this illustration.

THE CHAIRMAN. Senator Hale, paragraph 285 reads:

Starch, including all preparations, from whatever substance produced, fit for use as starch, 1½ cents a pound.

SENATOR HALE. That I have just read.

The CHAIRMAN. Now, I understand they imported some tapioca flour, the compound being the same as the starch, and it can be used for the same purposes, and it was actually used for sizing or filling, and the court finally decided that it came in on the free list as tapioca.

Senator HALE. Yes.

The CHAIRMAN. The suggestion has been made in a compilation which we have had made here to change paragraph 285 so as to read:

Starch, including preparations from whatever substance produced, fit for use as starch, whether used for starching, sizing, or filling.

That language would cover, I suppose, what you contend for?

Senator HALE. That is just the language, better stated than I have stated it, that ought to have been put in the original law; but through an inadvertence it was not put in. Nobody believed that it was necessary. One result of that has been that there is a very great importation of tapioca. It ought to be, being used for the same purposes, in the same grade, subject to the same duty, whatever the duty that the committee makes.

The CHAIRMAN. I think there is no doubt but what Congress intended that tapioca that was fit for use as starch—

Senator HALE. Should be subject to the same duty.

The CHAIRMAN. Should be subject to the duty of $1\frac{1}{2}$ cents a pound.

Senator HALE. Yes.

The CHAIRMAN. While the language seemed plain to me, it did not seem plain to the court, and that suggestion has been made in connection with this paragraph to render it clear so that the court could understand it.

Senator HALE. That covers precisely what my constituents desire. Under this provision there have been already imported, in a single year, of tapioca 43,647,731 pounds, while of the other product the same thing in use has been protected by a duty. The omission in the old statute, which you will cure by this provision, has resulted in that; and that, I may say, Mr. Chairman, without taking any more time now, is the main thing that brings me before the committee, to set right what clearly was an omission in the old act. I am not going to now present any argument against the reduction of the duty generally on starch or on the potato product, because it is so clear a case to me; and it is a case not of indirect competition, but this great industry in Maine is right side by side with the product of the colonial Provinces of Great Britain, and any change or any reduction or removal of that duty would simply bring in that entire New Brunswick product.

Mr. CRUMPACKER. A change or amendment in the tariff along the line of your suggestion would mean necessarily a tariff upon all importations of tapioca, notwithstanding the great bulk of it is used for food purposes, would it not?

Senator HALE. I think that the language suggested here is very guarded—"whether used for starching, sizing, or filling." That is for the committee to consider, whether it would cover tapioca used for what I might call table or household purposes.

Mr. CRUMPACKER. It would be practically impossible to follow the starch to determine the use that is made of it. It would seem to me that the protection of the starch makers would necessitate the imposition of a tariff upon all tapioca imported, because it is all chemically starch and capable of being used as starch.

Senator HALE. That is a matter of judgment by the committee. I am not familiar enough with the processes, by law, of following the product. But it would not seem to be a difficult thing for a provision to be made that would not include tapioca used for household or table purposes. But whether that be so or not, the free, open door for tapioca, as has been shown in the last few years, increasing, as it has done, practically, is an improper and unfair discrimination against the starch manufacturers.

Mr. UNDERWOOD. Senator, I do not know whether you referred to the figures as to the exports and production of starch in this country, but I notice here from the government reports that the total production of starch in the United States amounts to about \$8,000,000, and that we are exporting of that amount \$1,126,000 worth to the United Kingdom, Belgium, and the Netherlands. In those countries we come in absolute competition with the European starches and tapioca starches, and we export one-eighth of our product, according to this.

Senator HALE. I think those figures are too high. I have the figures as to the exportation of starch, to the United Kingdom, 44,000,000 pounds; to Belgium, 1,780,000 pounds.

Mr. UNDERWOOD. These statistics give the exports at \$1,126,000.

Senator HALE. I thought you said \$1,800,000. That is right, it is about \$1,100,000.

Mr. UNDERWOOD. It is \$1,126,000 worth exported out of a total production of \$8,000,000 worth.

Senator HALE. Yes; that is right.

Mr. UNDERWOOD. In those countries they come into competition, without a duty, with the foreign starches, and under those circumstances, as a greater proportion of tapioca is used for food purposes and not otherwise, does not that demonstrate that they are not seriously affected in this market by the tapioca limitation?

Senator HALE. I am not certain that the larger proportion is used for table and household use. I know that if you had a duty put upon it, it would make a very material difference in the starch product and in the encouragement of that industry. I do not know whether you can follow and ascertain what portion is used for table and household use.

The CHAIRMAN. I will state that the Senator will be followed by others who are expert on the subject of starch. I will state further that since I asked you a question awhile ago I have found that tapioca and sago were made dutiable at $1\frac{1}{2}$ cents a pound in the Dingley bill as it left the House, and the Senate struck out the paragraph and left tapioca as it appears in the law now, on the free list. I do not know whether you are familiar or not with that circumstance.

Senator HALE. I remember a good many things about that, but I do not know about that. It was an oversight.

The CHAIRMAN. The Senate committee did it, and it must have been after careful deliberation.

Senator HALE. I was not unfortunate enough then to be a member of that committee. I know how it has practically operated.

The CHAIRMAN. Have we any assurance that it would not be stricken out again?

Senator HALE. I can only say that just at the present time I am a member of that committee, and I was not then. That is all I can say. I have not put in these statistics. The committee has all of them. I

wish to say that the potato industry, the starch industry, is a very picturesque illustration of what may be built up under what we are fond of calling, Mr. Underwood, the protective system. From a little county up in the upper part of my State, with a population of 10,000 or 15,000, it has grown to be the third county in the State, and its great industries are these two, inseparably connected. I remember using the illustration in some hearings we had on the Philippine question. The potato product of Aroostook County is larger than the entire exportation of the United States to the Philippines. It has become a very great industry, and has built up that county from a population of 10,000 or 15,000 to 60,000, and it is dependent upon this industry, potatoes and starch. It has an alien neighbor just over the border with cheap labor and cheap products, and everything is right over the line, and it is an everyday illustration, and in that sense I know all about it, and I am very glad to have the opportunity of presenting it to the committee, and I am not going into all these figures. You have them before you.

Mr. CLARK. Do you know whether they sell this starch when it goes abroad cheaper than they sell it here at home?

Senator HALE. Oh, well, that is a very old question.

Mr. CLARK. I know it is an old question, and you are an old man.

Senator HALE. There is sometimes a surplus.

Mr. CLARK. Well, do they sell it cheaper abroad? That was a single question.

Senator HALE. That I do not know, about this particular product. I have no idea that they do.

Mr. UNDERWOOD. This particular proposition that you desire placed in the bill would be a protection of the potato industry and not of the starch, because the raw material of starch, the tapioca, comes in free now, and is really a protection for the potato industry and not for the starch industry.

Senator HALE. It is a protection of the starch industry. Of course at the bottom it is a potato product, undoubtedly. As this letter says, if you make any great change here, instead of paying 25 and 30 cents a bushel for potatoes, they will be 10 cents. The Canadian product would come right into our market. I wish some of you could go up there and see the practical illustration and operation of it.

Mr. RANDELL. Has the Corn Products Refining Company anything to do with the purchase or sale of this product you speak of?

Senator HALE. I am glad you asked that question, because I have heard that it has been said that this is in some way connected with and controlled by large establishments, glucose establishments; that it is only a part of the great trust. I can only say as to the Maine product.

Mr. RANDELL. What trust do you speak of?

Senator HALE. I do not know what it is. That is the general allegation.

Mr. RANDELL. I thought you referred to some special trust.

Senator HALE. I do not know. I know that there is nothing of that kind in connection with our product in Maine, not in the least. It is a local industry. You may call it a narrow and small industry, but it is a very vital industry to 60,000 people in Aroostook County.

Mr. RANDELL. Would the decrease of the tariff on this decrease or increase the revenue to the Government?

Senator HALE. On tapioca?

Mr. RANDELL. On starch. Would the revenue to the Government be increased or diminished?

Senator HALE. That question could be asked of a great many things. I think it would drive our industry out of existence.

Mr. RANDELL. If the tariff was placed on it that you ask?

Senator HALE. No; if it was reduced.

Mr. RANDELL. Suppose the tariff was taken off, would it increase or decrease the revenue to the Government?

Senator HALE. I have not looked into that.

Mr. RANDELL. That is an important question for us to consider.

Senator HALE. No; it would not be a great question.

Mr. RANDELL. It would not?

Senator HALE. No; it is not a large question.

Mr. CLARK. How long ago did the court render that decision you spoke of?

Senator HALE. Several years ago.

Mr. CLARK. This stuff has been coming in free all these years?

Senator HALE. And it has been troubling us there very much.

Mr. CLARK. Have not the starch factories and the potato men up in Aroostook County been prospering since that decision?

Senator HALE. They have been affected by it very greatly.

Mr. CLARK. I know; but they have prospered?

Senator HALE. You know that is a very large question.

Mr. CLARK. I know that it is.

Senator HALE. You may say that any establishment that continues and keeps up its work, employs its laborers and pays its bills, and sends its products to market is prospering. The net gains, the profits, of these establishments have not been undue. They have been very moderate.

Mr. CLARK. What I really want to get at is whether, since that decision was rendered practically putting tapioca on the free list, as far as starch is concerned, as well as for table purposes, during those years those potato raisers and starch manufacturers in Aroostook County have prospered to the extent of making a reasonable profit?

Senator HALE. They have prospered enough to keep their establishments going, but there have been no undue profits, no great profits. And they have been hurt by the tapioca, undoubtedly. Undoubtedly they have been hurt. I am inclined to believe that if you do not change this and do not put tapioca with the other starch products, as it ought to be, in the end the importation will practically drive these factories out.

Mr. CLARK. It has not put any of them out since that decision was rendered?

Senator HALE. All of those processes of destruction are gradual.

Mr. CLARK. Yes; they are. Have they asked since that decision was rendered, before this time, to have this change made?

Senator HALE. I never have had the opportunity, before this, of appearing before such a—

Mr. CLARK. I never asked you whether you had or not. I asked you whether these people had that you represent?

Senator HALE. I have been representing them all this time, and there has been no opportunity.

Mr. CLARK. I know you represent them all the time; but the Ways and Means Committee is always in session, theoretically.

Senator HALE. I do not suppose, uncomfortable as it has been for my constituents, that they would have believed that it was of importance enough to invoke the general action of the committee, except in case of a revision of the tariff. Now, it has become accepted that we are going to have a revision of the tariff, and that is what has brought our people here.

Mr. CLARK. The truth is that if this news had not gone out that we were going to sit here for the purpose of having hearings for the purpose of revising this whole tariff business, they never would have put in this petition to have that rate changed?

Senator HALE. Oh, yes; I have been hearing from them for years, and I have told them that nothing could be done until we had a revision of the tariff. That is why I come here now.

STATEMENT OF JOSEPH MORNINGSTAR, OF NEW YORK, REPRESENTING CHARLES MORNINGSTAR & CO., WHO WISHES A LOWER DUTY ON STARCHES.

WEDNESDAY, *November 18, 1908.*

Mr. MORNINGSTAR. Mr. Chairman and gentlemen of the committee, I should like to present to you a memorial, which I will read, and then there are certain things which I would like to add afterwards, with your permission.

WASHINGTON, D. C., *November 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Whereas we are before you as importers; we are before you by request of those to whom we sell the goods imported by us. We believe we may lay claim to as much patriotism as the interests demanding protection from competition pleading their cases before you. Neither the foreign maker of goods nor the importer is paying the duty on such merchandise as we must import to fill a specific want. It is the consumer who pays the duty, and the consumers as well as ourselves are as good citizens and as worthy of respect as the favored few who strive to kill competition by virtue of the rates of duty demanded by them.

Because of economic fallacies certain high-grade standards of merchandise are not attainable in the United States, and the consumers must of necessity resort to importations for such high standards. Each brand of merchandise which we import from abroad has never been and is not duplicated in quality on this side of the ocean. The trouble in the past has been that the protected interests were so well protected that standard of quality did not become so essential as it would have had the several industries thus protected been in competition with each other and with foreigners as well.

It is a remarkable fact that with all their protection, covering decades, the American manufacturers consuming agricultural products such as potatoes should have so little to show in the way of

scientific and mechanical progress. Too much protection has put them to sleep.

We are ready to demonstrate by samples of any desired quantity all that we say herein.

Corn starch and corn-starch products.

The Corn Products Refining Company, Standard Oil Company, with offices at No. 26 Broadway, New York City, owns and controls over 75 per cent of the combined corn starch, corn dextrine, corn glucose, and grape sugar interests of this country. Such concerns not under their direct ownership are led by them to maintain prices dictated by this virtual monopoly.

The starch trust sells its products abroad at lower prices than in the United States.

When the price of corn in this country does not meet with the trust's approval it buys heavy cargoes of corn imported from the Argentine Federation.

Before the formation of this starch trust corn starch sold during many years at prices ranging from less than \$1 per 100 pounds to \$1.50 per 100 pounds. Since the formation of this starch trust, with great improvements in chemistry and mechanical device to aid them, the prices for corn starch have been materially advanced, and at this day the price for corn starch in carload lots in its cheapest form, packed in bags, is \$2.65 per 100 pounds, freight base New York. It can be conclusively demonstrated that for many years this concern had never based its prices for starch on the cost of the bushel of corn. When it was a matter of competition, to the end of destroying its rivals, the price was never material at any time.

The cost of labor entering into modern starch manufacturing represents but a mere fraction of the cost of the goods, and it is evident that the trust is availing itself of the present duty to keep its prices clear up to the neck of its protection. This question of "cost of labor" is most important, for based on same, we are told, the Committee on Ways and Means will recommend legislation, as it proposes to do, in the matter of "reasonable profit" to the manufacturers. We request the worthy Committee on Ways and Means to exact of the starch trust a sworn certificate stating the exact cost of labor to the hundred pounds of starch manufactured by it, omitting, of course, bureaucratic official charges and other irrelevant charges.

The sales methods of this starch trust are too well known for extensive repetition. One should bear in mind, however, the fact that through the so-called "profit-sharing contract" it makes competition next to impossible, and concerns who are buying from them under this contract must ask their permission to purchase analogous goods of superior quality to theirs for fear of vitiating their competition-destroying agreement. We have proof positive to demonstrate this and will be glad to submit such proof.

The Dingley bill at present in operation imposes a duty of 1½ cents per pound on all starches and glucose. This duty represents 100 per cent and over of the selling price of corn starch in former years in normal times.

The Corn Products Refining Company, through its servants, has for the past two years endeavored to have sago, tapioca, and cassava

flours placed on the dutiable list as "starch." In this the trust was defeated in both attempts in the Treasury Department. Sago had been retained on the free list by virtue of a decision in the lower courts. Tapioca flour, however, is on the free list because of a Supreme Court decision. When the trust recognized the futility of attacking tapioca flour in the Treasury Department it tried to avail itself of an irrelevant clause of the "pure-foods regulations," through the Department of Agriculture, and through its machinations all importations of tapioca flour were held up for several days, but ultimately released under pressure.

The consumers of this country are anxious to avail themselves of other starches and starch products than those owned and controlled by the starch trust, and to this end we ask relief from duty imposed on all starches and starch products, and that sago, tapioca, and cassava flours be retained on the free list.

Potato starch and potato-starch products.

The potato-starch industry in this country has had for three decades the same protection as the corn-starch industry, with the following results:

For the greater part, by far, the potato-starch factories in this country have remained primitive to a ridiculous degree. There are few factories making potato starch on semimodern principles, but there is not one potato-starch factory in the United States which equals in its process of manufacture the process of the German factories making high-grade potato starch and potato-starch products.

Not alone is the starch in every way inferior to the high-grade German starches, but there is not enough of it produced to give this market the potato starch and the potato-starch product of the required standard of excellence.

Because of the inferiority of the starch itself, the dextrin made therefrom is likewise inferior, and can not command within a cent per pound the price paid for the high-grade imported dextrins. The existing rate of duty for potato and all other dextrin is 2 cents per pound.

With the extensive protection enjoyed by the potato-starch makers of this country from away back, not one pound of potato glucose has ever been produced in this country.

Since the enforcement of the "pure-foods law" there has sprung up in the United States a good demand for the imported German potato glucose, because of its superiority over the corn glucose made here. This superiority is evidenced by the fact that after paying a duty of $1\frac{1}{2}$ cents per pound the consumer is willing to pay a price almost double that of the domestic corn glucose. There is not a single concern in this country to be protected by the duty exacted. We therefore ask that the duty on the imported potato glucose be removed and this article placed on the free list.

This year, for instance, there will not be a pound of potato dextrin made in this country. The scarcity of potato starch makes the price for conversion into dextrin prohibitive. The shortage of potato starch will this year create a deficit of many thousands of tons, which will have to be made good from abroad, and the con-

sumers will have to pay the high and unreasonable duty of 2 cents per pound on all the dextrin imported.

On our importation of potato products this year, and this year is not a normal year for prices because of a partial crop failure abroad, we are paying duties at the following rates:

For potato dextrins, highest grade, costing \$6.12 per bag of 220 pounds, we pay a duty of \$4.40 per bag, equivalent to 71½ per cent.

Mr. UNDERWOOD. Will you explain what potato dextrin is?

The CHAIRMAN. You had better let him finish his statement first.

Mr. UNDERWOOD. I do not understand the technical term.

The CHAIRMAN. We will have to go all over it again, anyway.

Mr. MORNINGSTAR. It is converted starch. It is a starch product.

Senator HALE. It is burned starch.

Mr. MORNINGSTAR. Burned starch, converted starch.

For potato starch, highest grade, costing \$4.92 per bag of 220 pounds, we pay a duty of \$3.30 per bag, equivalent to 67 per cent.

For imported glucose, highest grade, costing \$6 for 220 pounds, we pay a duty of \$3.30, equivalent to 55 per cent.

The following is a list of luxuries paying a lower rate of duty than potato starch or dextrin:

	Per cent.
Statuary of metal.....	45
Statuary of marble.....	50
Laces.....	60
Candy of highest grade.....	50
Bronzes.....	45
All manufactures of silks.....	50
Jewelry.....	60
Bicycles.....	45
Automatic and all music boxes.....	45
Wall papers.....	25
Wall hangings of paper or cotton, about.....	35
Champagne.....	50
Manufactures of ivory.....	35
Precious stones, cut but not set.....	10
Manufactures of silver and plated silverware.....	45

All of these luxuries, with the exception of laces and jewelry, pay a lower rate of duty than imported potato glucose.

CHAS. MORNINGSTAR & Co.

The CHAIRMAN. You are a member of the firm——

Mr. MORNINGSTAR. Of Charles Morningstar & Co.

The CHAIRMAN. Which brought an action against the United States for the free entry of white dextrin?

Mr. MORNINGSTAR. No, sir; to have it placed on the starch list; not on the free list, but on the starch schedule.

The CHAIRMAN. To have it placed on the starch schedule?

Mr. MORNINGSTAR. Yes, sir; paying 1½ cents instead of 2 cents.

The CHAIRMAN. And the court finally held against your contention, did they not?

Mr. MORNINGSTAR. Do you know why, though, sir? It held against my contention although I had proven scientifically——

The CHAIRMAN. I supposed their opinion was so. I never read it.

Mr. MORNINGSTAR. I will tell you——

The CHAIRMAN. I do not want you to go into that.

Mr. MORNINGSTAR. I will tell you. It is a starch, chemically proven a starch by the United States Laboratory, by Doctor Moore and Doctor Berry.

The CHAIRMAN. If you will excuse me, I do not want to try that case over again.

Mr. MORNINGSTAR. Yes, sir.

The CHAIRMAN. It is all reported in the Federal Reporter, and we can examine that, but we are pressed for time this afternoon. The most important thing just now is to find out whether the duty on starch should be reduced from its present figure, and the amount of the reduction in case one is made. I find that there are a number of factories—131 establishments in the United States—with an invested capital of \$7,000,000. The number of wage-earners is 2,051, and the wages paid are \$1,132,874. The value of the output was a little over \$8,000,000, and the percentage of the cost of labor was about 16 per cent, a trifle over 16 per cent, in this country. We would welcome any information as to the difference in cost of manufacturing starch in this country and manufacturing it abroad. It would be of more value to us than any argument on the decision of the court or anything else.

Mr. MORNINGSTAR. In order to be exact in that I will offer an addendum to this memorial, stating as exactly as I can the exact cost of starch abroad and in this country.

The CHAIRMAN. File it as promptly as you can.

Mr. MORNINGSTAR. I will file it as promptly as I can.

Mr. UNDERWOOD. I want to ask you if the present duty on starch is not practically prohibitive—the small amount that is imported compared with the amount produced?

Mr. MORNINGSTAR. Produced?

Mr. UNDERWOOD. Yes.

Mr. MORNINGSTAR. Absolutely, as a commodity.

Mr. UNDERWOOD. This tapioca that comes in here, does it come in as tapioca starch or does it come in as tapioca?

Mr. MORNINGSTAR. It comes in as tapioca flour or cassava flour.

Mr. UNDERWOOD. Is that to be used in the place of starch, or is it to be used in competition with starch, requiring manufacture?

Mr. MORNINGSTAR. No; it can be used in place of starch; but while primarily I think it was used as a starch, it was also used as a food product, and is now, in one of its largest outlets, a food product.

Senator HALE. There are three kinds of tapioca.

Mr. MORNINGSTAR. Yes; but I am speaking of the flour.

Mr. UNDERWOOD. How much does the tapioca flour, that comes in free of duty in competition with starch, go into the field that had been occupied by the starch industry?

Mr. MORNINGSTAR. That would be a very hard question to answer; but this is certain—that the Americans are unpatriotic enough to want all they can get just now of that free stuff.

Mr. UNDERWOOD. I want to get some information as to the competition. I notice here, in the figures that are given by the statistician, that our exports of starch to foreign countries amount to 51,000,000 pounds, valued at \$1,126,000. I want to know whether that export of starch comes in competition with the tapioca flour abroad?

Mr. MORNINGSTAR. Yes, sir; of course it does.

Mr. UNDERWOOD. And meets that competition?

Mr. MORNINGSTAR. And meets that competition, just as it has to do here, provided it goes out and meets that specific competition.

Mr. UNDERWOOD. You stated a while ago that they sold the products of starch abroad cheaper than they sold them at home.

Mr. MORNINGSTAR. Yes, sir.

Mr. UNDERWOOD. Do you know what the difference is in the price?

Mr. MORNINGSTAR. I will give you that information. I will give it to you directly from English sources.

Mr. UNDERWOOD. I wish you would.

Mr. MORNINGSTAR. I will give you that information. I have not it with me.

Mr. CRUMPACKER. One question, Mr. Morningstar. Do you know what percentage or proportion of the tapioca that is brought to this country is used for food and about what proportion is used for purposes of starch?

Mr. MORNINGSTAR. I am guilty of being one of the largest importers here, and by far the greater part of that which I sell goes into food.

Mr. CRUMPACKER. The greatest part goes into food?

Mr. MORNINGSTAR. Oh, yes; more than 75 per cent.

Mr. CRUMPACKER. Do you know about how much tapioca is imported into the United States annually?

Mr. MORNINGSTAR. I have not the exact figures.

Senator HALE. I have the figures here.

Mr. MORNINGSTAR. I have not the exact figures. I believe they were given by Senator Hale.

Mr. CRUMPACKER. He did not announce the figures. It is a subject of common use for food throughout the United States, is it?

Mr. MORNINGSTAR. Yes, sir.

Senator HALE. The amount is 43,647,731 pounds, or about 19,000 tons.

Mr. MORNINGSTAR. Gentlemen, I should like to add just one thing, with your permission, on the subject of tapioca.

The CHAIRMAN. Tapioca flour, according to the information I have, is chemically the same as starch?

Mr. MORNINGSTAR. Yes; but the Supreme Court decision which I have here says there is a difference between it and starch. There is a clause there that I can refer to.

The CHAIRMAN. No, no; I do not want to go into that.

Mr. MORNINGSTAR. You do not want some more of this legal business?

The CHAIRMAN. I do not want to have two men on the floor at the same time.

Senator HALE. The decision in the Chinese case covers it.

Mr. MORNINGSTAR. Yes; that is the specific case.

The CHAIRMAN. You say it is chemically the same?

Mr. MORNINGSTAR. No; it is decided that it is not the same in that case.

The CHAIRMAN. Is it substantially the same?

Senator HALE. In its uses; yes.

Mr. MORNINGSTAR. I will tell you we can substitute certain things with tapioca, but not others.

The CHAIRMAN. It answers a portion of the uses?

Mr. MORNINGSTAR. A portion of them.

The CHAIRMAN. Is there any good reason why tapioca and starch should not be placed in the same paragraph in the tariff—either free, as you urge, or with a duty, as the manufacturers of starch urge?

Mr. MORNINGSTAR. I should say, offhand, that they should not.

The CHAIRMAN. Are they competing products?

Mr. MORNINGSTAR. They are; but sour flour is a competing product with starch, too.

The CHAIRMAN. What is that?

Mr. MORNINGSTAR. Sour wheat flour is a competing product with starch.

The CHAIRMAN. Hardly, I should think.

Mr. MORNINGSTAR. Oh, indeed it is. In former years it was a tremendous competition. There were southern mills down near Graniteville—

The CHAIRMAN. You have answered my question.

Mr. MORNINGSTAR. Yes, sir; there are other things.

The CHAIRMAN. Have the members of the committee any further questions?

Mr. FORDNEY. I want to ask Mr. Morningstar a question. You heard Senator Hale say that with the present tariff on starch the manufacturers of that article do not get more than a reasonable profit. What have you to say about that?

Mr. MORNINGSTAR. If they have not done so it is because of the fallacies of their process; because they are making it in a very primitive fashion up in Maine.

Mr. FORDNEY. Then Yankee intelligence is not up to the standard where it belongs.

Mr. MORNINGSTAR. As I said in my brief, there was not enough incentive through competition to bring about any progress.

Senator HALE. It is not as good as the Dutch process?

Mr. MORNINGSTAR. Oh, not nearly so good as the German process.

The CHAIRMAN. Have you seen any gentleman here who manufactures starch and exports it abroad?

Mr. MORNINGSTAR. Who exports it abroad?

The CHAIRMAN. Yes; have you seen any here to-day?

Mr. MORNINGSTAR. Oh, my, yes! Here is Mr. Walden, for one, who exports it.

The CHAIRMAN. We will ask him about that when he gets your place. Are there any further questions?

Mr. BOUTELL. What is cassava?

Mr. MORNINGSTAR. Cassava is a root very similar to the tapioca. It belongs to the same family. They are very often confounded with each other.

Mr. BOUTELL. Is it used for anything else but food?

Mr. MORNINGSTAR. Oh, the same as tapioca—the same exactly.

The CHAIRMAN. Is tapioca manufactured from this root?

Mr. MORNINGSTAR. Yes, sir; it is ground from it.

The CHAIRMAN. Is it manufactured from anything else?

Mr. MORNINGSTAR. No, sir.

The CHAIRMAN. Is there any substitute for tapioca manufactured from something besides this root?

Mr. MORNINGSTAR. There is no direct substitute for tapioca.

The CHAIRMAN. Now as to this white dextrin. Was that the subject of your litigation?

Mr. MORNINGSTAR. Yes, sir.

The CHAIRMAN. Was that starch?

Mr. MORNINGSTAR. That was a starch.

The CHAIRMAN. That was a starch?

Mr. MORNINGSTAR. A starch; a modified starch.

The CHAIRMAN. And not a dextrin?

Mr. MORNINGSTAR. And not a dextrin. We proved that—that it was a starch.

The CHAIRMAN. The court was against you, it seems; but we will not go into that matter now. I only wanted to get your idea of it.

STATEMENT OF F. T. WALSH, BOSTON, REPRESENTING THOS. LEYLAND & CO., RELATIVE TO TAPIOCA AND STARCHES.

WEDNESDAY, *November 18, 1908.*

The CHAIRMAN. Give your name and residence, please.

Mr. WALSH. My name is F. T. Walsh. I am here representing Thomas Leland & Co., of Boston.

I wish to speak on two subjects—tapioca (which, of course, comes into the starch category) and dextrin. And I should like to say that I intend to transmit to you a brief and give you all the facts I can on the subject, so as not to take up any more of the time of the committee than necessary. But I should like to make a statement here in regard to tapioca.

The gentleman from Maine has given us an address on the question of the competition which tapioca gives to the Maine starch maker. It seems to me that he has drawn rather a long bow on that point. In other words, the situation to-day is this: I wrote the other day to a starch manufacturer in Maine and asked him for a price on potato starch, and asked him if he proposed to make any this year. His reply was as follows: "I have a few tons on hand which I am holding for a better price. I would not sell them for less than $4\frac{1}{2}$ to $4\frac{3}{4}$ cents." And (in language in which there was a dash, anyway) he said: "The potato crop of Maine is too good. We can not make starch from the potato crop of Maine to-day, because a sale is found for all the crop for food purposes."

The CHAIRMAN. They raise the best potatoes in the world in Maine, do they not?

Mr. WALSH. They claim to; yes, sir. So that the price of potato starch to-day is not based on any competition except the competition of the man who consumes it on his table.

In regard to tapioca starch, if you want to go into the chemical part of it, although I have been a chemist all my life I would not dare to make the statement that it is chemically the same as starch, for, in the first place, you must state what starch is. In regard to its uses, there is a use which no one has yet touched upon. Under the last tariff, which definitely puts tapioca on the free list (and it was kept there by the Supreme Court), an industry has grown up in this country using tapioca flour—tapioca or tapioca flour, if you will—in making a gum which is used on envelopes and on every postage stamp that is used in this country.

Senator HALE. That is a kind of mucilage?

Mr. WALSH. It makes a mucilage or gum. In the first place, I doubt if we could make as good a quality from the potato starch; but it does not compete in that way with potato starch. But it does enable us to do this: It enables us to make a dextrin with American labor, American capital, and supply this need for the envelope makers and for others using that sort of an article. And therefore it seems to me that having allowed an industry of this kind to grow up on a basis of free trade in tapioca, which really, in my opinion (and I have been in the manufacture of calico prints and in bleacheries, and have followed the business), competes very little with the potato starch, it is hardly fair to simply shut it off with the stroke of a pen, "This article shall pay a duty of a cent and a half a pound." That is my contention as to starch.

Another point which it is just as well to remember here is this: I doubt if there is a pound of potato starch being sold in the country to-day, made either in Maine or in the West (that is, in the New England district, where all the textile people, or a good many of them, are located, and along the seaboard in the South), for this reason: The moment potato starch in this country rose from about $3\frac{1}{4}$ cents to $4\frac{3}{4}$ (and western potato starch to-day is quoted in the vicinity of $4\frac{1}{4}$ cents) foreign starch, which, under a duty of a cent and a half, can come in at a little under 4 cents (viz, about 3.9) was brought in to the extent of hundreds of tons. The tapioca market remains the same; the importations have not increased. In other words, the manufacturers have not gone to tapioca, but they have gone to foreign potato starch.

Now, as to dextrin: As you know, dextrin is a roasted product made from starch. You might call it baked starch; and in that same category, as you carry them, are the British gums, which are roasted still further. Then there is another line of what are called "soluble starches" or "modified starches," which are starches which have been treated with acid or heat, or both, and produce a certain soluble modification of starch which contains, as a rule, a certain percentage of dextrin. And within the last year we who have imported this article or made it have been much troubled by the ruling of the customs officials, viz, that it is a question of how much dextrin a starch contains whether it comes under the starch duty or whether it comes under the dextrin duty. I contend that all modifications of starch should come under the dextrin duty. Then we will know where we stand.

The CHAIRMAN. Do you manufacture starch?

Mr. WALSH. No, sir; we manufacture the products of starch; that is, this soluble starch I speak of.

The CHAIRMAN. I thought you were pointed out as a man who sold starch abroad.

Mr. WALSH. No, sir; you have got Mr. Walden mixed with me. You called my name and you would not let me go.

In regard to dextrin I will not bother you but a minute. The condition in regard to dextrin is this: Under the present conditions of the market we can not manufacture dextrin even with the extra duty of half a cent a pound, and even under the normal conditions of the potato-starch market in this country we can hardly compete in making dextrin from potato starch.

The CHAIRMAN. Is there any more labor connected with making potato starch than with making cornstarch?

Mr. WALSH. You have got me there. I should not think there was, but I do not know.

The CHAIRMAN. Where is the difference in the cost that makes it so much more expensive to make potato starch here than abroad? What element of the cost of manufacture makes up the difference of nearly 2 cents per pound, according to your statement?

Mr. WALSH. Potato starch abroad sells, I think, for about $2\frac{1}{2}$ cents. Here it sells for—

The CHAIRMAN. Three and nine-tenths, I think you said.

Mr. WALSH. Three and nine-tenths to-day.

The CHAIRMAN. And domestic starch sells for $4\frac{1}{2}$ cents?

Mr. WALSH. Yes; but—

The CHAIRMAN. And there is a duty of a cent and a half a pound?

Mr. WALSH. But we have got to take normal conditions. The condition of the starch trade to-day is abnormal. It is away higher than the average price. The average price of American starch, potato starch, is about $3\frac{1}{4}$ cents.

The CHAIRMAN. Whatever the difference is, what is the difference in the process of manufacture between the two countries that makes this difference?

Mr. WALSH. I should say offhand, in the first place, that it was the cost of labor. I think it is a well-known fact that laboring people in Germany work for a good deal less than they do in this country. Then, again, there is the element of speculation, you might say. If the crop is good, it all goes into use for food purposes; if it is bad, it goes into starch. So that they never quite know where their raw material is coming from.

Mr. CLARK. Is not an element that enters into it the perfecting of the business to such an extent that they raise more potatoes to-day than we do?

Mr. WALSH. They may do so; but, on the other hand, that is merely a matter that will work out in time.

The CHAIRMAN. Is not the potato market higher in Germany than it is here—the price of potatoes in the market?

Mr. WALSH. I think so, at times.

Senator HALE. Undoubtedly.

The CHAIRMAN. It varies very much in this country from day to day.

Mr. WALSH. I propose to give you all of that information if I can. I am going to try to get you all that data. I simply want to say, in conclusion: Keep tapioca on the free list. Do not change the duty on dextrin.

The CHAIRMAN. How long is it since the Supreme Court put tapioca on the free list?

Mr. CRUMPACKER. That was in 1900.

Mr. WALSH. Nineteen hundred, I believe.

Mr. BONYNGE. Eight years ago.

Senator HALE. Mr. Chairman, may I ask a question? What would your concern do if dextrine was put on the free list, Mr. Walsh? Would you go out of business?

Mr. WALSH. Practically. I should begin to import it.

Senator HALE. That is all.

**STATEMENT OF LEO STEIN, CHICAGO, ILL., WHO CLAIMS THAT
TAPIOCA AND SAGO FLOURS DO NOT COME INTO COMPETITION
WITH POTATO STARCH.**

WEDNESDAY, *November 18, 1908.*

Mr. STEIN. Mr. Chairman and gentlemen, I am a member of the firm of Stein, Hirsch & Co.

Mr. CLARK. Located where?

Mr. STEIN. In Chicago and New York. We manufacture starch; we have developed the western potato-starch industry; and we import tapioca flour. I think I can answer most of the questions that you gentlemen have proposed.

I only want to touch on a few points, as I expect to give you more elaborately a brief setting forth in detail the important things that ought to come to your attention.

First of all, in regard to tapioca flour. I do not agree with Senator Hale, that it comes in competition with potato starch. I have before me a telegram which I received to-day from Boston, which is the very best evidence to prove that statement. I believe the Senator read a letter from Messrs. Eustis, Bennett & Co., stating that there is a famine in the crop of potato starch this year. The statement, however, should have been qualified. There is a famine in the crop in Maine, because, instead of getting 20 cents a bushel for their potatoes at the factory, the starch makers have been able to get about 70 to 75 cents a bushel by sending them to market, and that is the only reason for the famine there. Tapioca flour has scarcely varied in price during the time in which, in the last six weeks, potato starch has advanced from 3½ cents per pound to nearly 5 cents per pound—that is, domestic potato starch. Tapioca flour has been at about 2½ cents for the high grade all this time, and has not varied; it is 2½ cents to-day.

I was referring to this telegram in connection with my statement that tapioca flour does not affect the potato-starch market. I have received this telegram since I have been here to-day, which says that 2,400 bags of Holland potato starch have just arrived in Boston, imported by Messrs. Eustis, Bennett & Co. So that they have not resorted to tapioca flour to supply the potato-starch trade, and for a very simple reason: That with very few exceptions tapioca flour can not be used as a substitute for potato starch. The Amoskeag Mills, which are probably among the largest cotton mills in the country, have absolutely refused to entertain the use of tapioca flour to any extent in their mills. They claim that it can not be used as a substitute for potato starch.

I think that my firm is perhaps the pioneer firm in the tapioca flour industry. It has been developed during the past five or six years. Last year, out of a total importation of about 9,000 tons, we imported over 7,000. The bulk of the tapioca flour that has been brought in has been used in the manufacture of envelope gum, or dextrin, as Colonel Walsh has just related. The next largest portion has been used for edible purposes. Only a trifling amount has been used for sizing purposes, and that only for a particular kind of finish which could not be produced by potato starch or any other starch. So that, in general, tapioca flour can not be used as a substitute for potato starch. I think those of you gentlemen who possibly

come from mill districts, if you make inquiries, will find that my statement is correct—that they can not and will not substitute tapioca flour for potato starch or vice versa. It can not be done.

So that we come down practically to this point—that tapioca flour is used here chiefly for the manufacture of envelope gum, envelope dextrin, such dextrin as is used here by the Bureau of Engraving and Printing on the backs of the stamps. That gum can not be made out of any other article than tapioca flour. Many years ago we used the potato dextrin, but we could not produce any such gum as we do from the tapioca flour, so that the requirements of the department have always been “dextrin made from tapioca or cassava,” the latter being another name for tapioca.

The CHAIRMAN. It would not make it any more expensive to the Government whether there was a duty on it or not. If the imposition of a duty should result in raising the price the Government would still get the duty, so it would get the money back.

Mr. STEIN. I am not using that as an argument for not imposing a duty, but simply to show that you can not substitute one for the other. So that I may say that the entire industry of the envelope gum, in which I think there are eight or nine firms engaged, is absolutely dependent upon obtaining its tapioca flour free of duty.

Senator HALE. How long has that been?

Mr. STEIN. There are eight firms that I know of now—eight corporations that I know of; eight different businesses during the past four or five years. There are eight at the present time.

The CHAIRMAN. Proceed.

Mr. STEIN. That was the main point that I wanted to ask you gentlemen to consider—that tapioca does not act as a substitute for starch, nor can starch act as a substitute for tapioca flour, and therefore tapioca flour should remain free. When we come to the subject of dextrin, which should really be considered as a subject by itself, I do not know whether you gentlemen want me to take up your time on that point now, because you are trying to stick to the starches. But I will simply say that the competition in Germany in all kinds of dextrin, whether made from tapioca flour or from other kinds of starch, could not withstand the loss of the duty if it were taken off.

The CHAIRMAN. Has the committee any questions to ask?

Mr. HILL. I should like to ask one question. The German tapioca flour imported here is used very considerably for making bologna sausage, is it not?

Mr. STEIN. To a very small extent; yes, sir.

Mr. HILL. I have been told so.

Mr. STEIN. Yes; and tapioca flour has not been able to substitute that potato starch.

You asked some questions a little while ago with regard to the manufacture of starch in Germany, and why it was that potato starch could be made so much cheaper over there. The potato industry stands in the same relation to Germany as the corn-starch industry does to this country. They have their potato districts concentrated, thus enabling large factories to manufacture potato starch over there, and therefore they produce a cheap product. And of course they have very cheap labor. It costs them about one-third of what we pay here.

The CHAIRMAN. Do we have any large potato-starch factories here?

Mr. STEIN. No, sir.

The CHAIRMAN. How many bushels of potatoes will one of those large factories consume in a year?

Mr. STEIN. The season for potato-starch making in this country is about two months.

The CHAIRMAN. I say, during the season how many bushels of potatoes will one of the large factories consume?

Mr. STEIN. I think the largest potato-starch factory in this country will not turn out to exceed 1,000 tons a season.

The CHAIRMAN. And how many bushels of potatoes will that take?

Mr. STEIN. We figure about 9 pounds to the bushel, in general. In Germany the potato gives a yield of about 12 pounds to the bushel.

The CHAIRMAN. About 12 pounds?

Mr. STEIN. About 12 pounds to the bushel.

The CHAIRMAN. Twelve pounds of potatoes to the pound of starch?

Mr. STEIN. No; 12 pounds of starch from a bushel of potatoes.

Mr. FORDNEY. How many tons of starch do you say you turn out?

Mr. STEIN. Here?

Mr. FORDNEY. You have mentioned how many tons were turned out from one of the factories each year.

Mr. STEIN. No; the chairman asked me how many tons were made by the largest of the potato-starch manufacturers here.

Mr. FORDNEY. Out of potatoes?

Mr. STEIN. Out of potatoes; and I stated that about 1,000 tons were made by the largest one; not to exceed that.

Mr. FORDNEY. One thousand tons?

Mr. STEIN. Yes; but that is a very small firm. There are many small manufacturers.

Mr. BONYNGE. How many potato-starch factories have we, do you know?

Mr. STEIN. At present I should judge there are perhaps fifty or sixty. We used to have in New York State the potato-starch industry. Twenty years back New York State itself had about fifteen or eighteen factories. Now, however, there are not more than one or two factories left in New York State.

Mr. CRUMPACKER. Are you engaged in potato-starch manufacture now?

Mr. STEIN. No; we simply advance money to the potato-starch manufacturers. We have developed the industry in the Northwest.

Mr. CRUMPACKER. In your opinion, the fact that tapioca is on the free list does not in any way affect the potato-starch industry in this country?

Mr. STEIN. Not only does it not, but it never has; and the price of potato starch, according to statistics, will show that no matter what price tapioca flour has sold at it has never affected the price of potato starch. To-day potato starch is higher than it ever was and tapioca flour is fairly low.

Mr. CRUMPACKER. And on the free list?

Mr. STEIN. And it is on the free list.

Mr. BONYNGE. What is the reason these factories went out of business in New York?

Mr. STEIN. The principal reason was that the farmers were able to sell their potatoes in the market for better prices than the factories could afford to pay for them for the purpose of making starch from them.

Mr. BONYNGE. That is, there was no money in the potato-starch business?

Mr. STEIN. They could make a great deal more money on their potatoes than they could on the starch.

Senator HALE. There are over 70 starch factories in Maine.

Mr. STEIN. Well, I said "approximately." I am not accurate about the number.

Senator HALE. There are over 70 in Maine.

Mr. STEIN. The total production of potato starch in this country is about 14,000 tons annually.

STATEMENT OF E. B. WALDEN, NEW YORK, OF THE CORN PRODUCTS REFINING COMPANY, RELATIVE TO CORN STARCH.

WEDNESDAY, *November 18, 1908.*

Mr. WALDEN. My name is E. B. Walden, of New York, representing the Corn Products Refining Company. I am the sales manager of the Corn Products Refining Company—that "odious trust" that some gentleman spoke of here a few minutes ago.

The CHAIRMAN. Do you export starch?

Mr. WALDEN. Yes, sir.

The CHAIRMAN. In what quantities?

Mr. WALDEN. We export normally about 12,000 bags of starch a month—cornstarch. We are makers only of cornstarch.

Senator HALE. How many pounds?

Mr. WALDEN. That runs about 280 pounds to the sack.

Mr. HILL. How much does that mean in pounds?

Mr. WALDEN. In pounds it would run in the neighborhood of 200,000 pounds, would it not?

The CHAIRMAN. It depends upon how many pounds there are in a bag.

Mr. WALDEN. There are 280 pounds to the sack.

Mr. GAINES. How many bags do you say?

Mr. WALDEN. About twelve or fifteen thousand a month.

The CHAIRMAN. And what quantity do you sell to the United States?

Mr. WALDEN. In comparison with that amount?

The CHAIRMAN. Yes; or simply the amount of it.

Mr. WALDEN. We sell about four times more than that in the United States—three times more, to be accurate.

The CHAIRMAN. Give us the prices at which you sell abroad and at home.

Mr. WALDEN. I think, Mr. Chairman, that in making that statement you should allow me to preface it, at least. Those who have preceded me on this starch matter would have you believe that the Corn Products Refining Company have a monopoly of the starch business—that is, the cornstarch business—in this country. But that is a very unfair statement. They are suffering, like a great many other concerns, from competition, and very severe competition. We have, in the first place, domestic competition on starch. Out of a production of about 140,000 bushels of corn a day in starch and starch products

we do not grind all that amount of corn, but only 105,000 bushels a day, leaving about 35,000 bushels to our competitors. On the other side we have very severe starch competition in England. There are large starch manufacturers in the Glasgow district. There are also large manufacturers in the London section. Those manufacturers in London and in Glasgow have been, during the last year, buying corn 10 cents a bushel cheaper than we could in America.

The CHAIRMAN. Where did they get it?

Mr. WALDEN. They got it from the Argentine Republic and from the Danubian region. We have to pay 10 cents a bushel duty on corn. We do not ask you to reduce that duty; but we do say that when we come in contact with that foreign competition, where we are obliged to sell our goods at an absolute loss and in a foreign market, we are entitled to some consideration.

The CHAIRMAN. Do you import corn?

Mr. WALDEN. We have imported corn; yes, sir.

The CHAIRMAN. For your foreign trade?

Mr. WALDEN. Four our foreign trade. It was not a profitable investment.

The CHAIRMAN. In order to get the rebate?

Mr. WALDEN. We got 15 cents a bushel, less 1 per cent. We tried to make a business transaction out of it to lessen our losses in the European market.

The CHAIRMAN. Under those circumstances, I suppose you could buy it as cheaply as they could in Great Britain?

Mr. WALDEN. Yes; but we have got to send our products to Great Britain. They took that corn there at 10 cents a bushel less than ours to start off with, and 10 cents a bushel is, roughly, 30 cents a hundred in the cost of our product.

The CHAIRMAN. You did not buy it from the Argentine Republic?

Mr. WALDEN. Yes, we did.

The CHAIRMAN. They got it at 10 cents less on freights?

Mr. WALDEN. They did.

The CHAIRMAN. How did they get it cheaper than you do?

Mr. WALDEN. I do not know. Probably they bought it at a time when it was cheaper than when we bought it. But the relative value of corn, Mr. Chairman, between the foreign market and our American market during this past year (an unusual year in corn) has been about 10 cents a bushel.

Mr. UNDERWOOD. In a normal year how is it?

Mr. WALDEN. In a normal year it is pretty near even; it has been in the last few years.

Mr. UNDERWOOD. An even break?

Mr. WALDEN. It is about an even break. Now, we sell our products there to meet this competition which exists. I have been manufacturing these goods for twenty-five years. We used to have an enormous trade in the United Kingdom. We have, by patient work and a large expenditure of money, developed this corn-products industry to almost perfection at the present time; but we still find, with conditions against us, that we have got to go into the English market and sell our products there at a loss if we want to sell them at all. We have patronage there; we have had it over there for a great many years, and we desire to retain it. Some day those people will "buck up."

The CHAIRMAN. On the average, how much less did you sell your products for there in the year 1907?

Mr. WALDEN. In the year 1907?

The CHAIRMAN. Or any year you can give?

Mr. WALDEN. I can make a better comparison with this year than to try to remember, offhand, the figures of last year. They sell for about half a cent to 60 cents a hundred less in the English market than in this market.

The CHAIRMAN. And what is your price per hundred in this country?

Mr. WALDEN. To-day the price is \$2.65 per 100 pounds in New York.

The CHAIRMAN. Have you sold your product at \$2.05 in England?

Mr. WALDEN. Yes. We have sold it better than that. No—did I make the statement that it was 65 cents a hundred? We have never sold at anything less than \$2.15 in the United Kingdom. My subtraction was poor. Our price to-day on the market there is \$2.25 a hundred pounds.

Mr. HILL. And \$2.65 here?

Mr. WALDEN. And \$2.65 here.

Mr. BONYNGE. Is there a profit in it at \$2.25?

Mr. WALDEN. No; not at the present price of corn.

Mr. BONYNGE. How much loss is there?

Mr. WALDEN. Roughly, about 10 cents a hundred—from 5 to 10 cents a hundred.

Mr. FORDNEY. If you sell at all, you must sell in competition with their products?

Mr. WALDEN. We must sell in competition with the market there and the conditions that exist there.

Mr. FORDNEY. How about your machinery? Was the preceding gentleman correct when he stated that you were not up in efficiency in manufacturing in this country?

Mr. WALDEN. I do not think he referred to us, sir. He referred to the potato-starch industry. The corn-starch industry is an entirely different matter. He did say, however (if you will refer to him), that the duty on candy was the same as on our product, glucose (or, with Doctor Wiley's permission, corn sirup). It is obvious why it is. Candy contains at least 75 per cent of cane sugar; and the rate on sugar you gentlemen are familiar with. That is the reason why candy bears the duty that it does. It is not fixed because it is glucose.

The CHAIRMAN. Mr. Walden, I want to ask you this question: Taking into consideration the rebate of 15 cents a bushel, less 1 per cent, that you get on the duty on corn imported from the Argentine Republic, what is the difference between the cost of that corn brought here and manufactured into domestic starch, or for the domestic market, and the corn bought in the Argentine Republic and manufactured abroad?

Mr. WALDEN. The difference, Mr. Chairman, would be about 45 cents a hundred.

The CHAIRMAN. Forty-five cents a hundred?

Mr. WALDEN. That is, if both corns were alike—one corn as good as another.

The CHAIRMAN. Yes.

Mr. WALDEN. Corn varies in its glory as stars do. We have got to get our yield out of corn to make it a profitable undertaking.

The CHAIRMAN. In other words, about 45 cents a hundred?

Mr. WALDEN. No; we consider the net of the corn when we are figuring on it. We figure on the net of the corn. When I tell you, sir, that corn costs 10 cents a bushel less in England than it does here, I mean net.

The CHAIRMAN. Oh, you mean taking into consideration the rebate?

Mr. WALDEN. Certainly, sir.

The CHAIRMAN. Exactly. That is what I wanted to get at.

Mr. FORDNEY. What is the difference in the freight on corn from the Argentine Republic to New York and to London, England? Is there any?

Mr. WALDEN. That I do not know, sir. That I do not know. You see, it is only in the last two years, or perhaps three years, that this competition has assumed the proportions that it has, and the consumption of corn has grown in the United Kingdom.

Mr. FORDNEY. Figuring that they were the same, you are at a disadvantage in the amount of the freight from here to England?

Mr. WALDEN. Yes; unless our American corn should be given to us at less money.

Mr. FORDNEY. And then the cost of labor in producing it here—is that anything?

Mr. WALDEN. The cost of labor has naturally got to be considered in the farming, the handling, and the growing of the corn.

Mr. FORDNEY. I mean in the extraction of it in your factories.

Mr. WALDEN. Oh, yes, indeed. The price of labor here, American labor—if that is interesting to you, I can give it to you—is a very important part.

Mr. FORDNEY. It is greater, is it?

Mr. WALDEN. Oh, yes; considerably greater.

Mr. FORDNEY. About how much greater?

Mr. WALDEN. Our average wage that we are paying in all our factories is in the neighborhood of \$2.50 a day for common labor. Their wage is not one-half that.

Mr. FORDNEY. That is all.

Mr. CLARK. The average wage for foreign laborers in the United States is not \$2.50 or anywhere near it.

Senator HALE. You mean in your establishment?

Mr. WALDEN. I said we were paying that wage, sir, in our establishment.

Mr. CLARK. I know; but he was asking you about the cost of producing corn.

Mr. FORDNEY. No; I asked him about the cost of production of starch from corn in the factory, Mr. Clark. If you have the figures showing the difference in wages, will you kindly put them in the record?

Mr. WALDEN. I will, sir.

Mr. FORDNEY. Thank you.

Mr. UNDERWOOD. In a normal year in this country, when corn is at a normal price, do you buy your corn of American manufacturers?

Mr. WALDEN. Entirely.

Mr. UNDERWOOD. And when it is at a normal price you are enabled to manufacture it here and sell it abroad at a profit?

Mr. WALDEN. We have not been able to do it in the last three or four years—the last three years, at least.

Mr. UNDERWOOD. What price can you pay for corn in the domestic market and sell it at a profit abroad?

Mr. WALDEN. We have got to have it in the neighborhood of 20 cents a bushel less than it is now. At a profit, you say?

Mr. UNDERWOOD. Yes.

Mr. WALDEN. Yes; I should say about 15 cents a bushel, roughly speaking.

Mr. UNDERWOOD. I notice in these statistics here that one-eighth of the production of starch in the United States is exported. How much of your business is export business?

Mr. WALDEN. We have more than three parts domestic to one part export of the grade of starch you are referring to.

Mr. UNDERWOOD. You have stated that you are exporting that starch at a loss to-day?

Mr. WALDEN. We are.

Mr. UNDERWOOD. How long have you been exporting it at a loss?

Mr. WALDEN. I would hate to take as my salary from the Corn Products Refining Company the loss we have had this year on our foreign business.

Mr. UNDERWOOD. I say, how long have you been in the business of exporting it at a loss—how many years?

Mr. WALDEN. We have been in the business of exporting at a loss all through this year and part of last year.

Mr. UNDERWOOD. At a loss?

Mr. WALDEN. Yes.

Mr. UNDERWOOD. What is the purpose of maintaining that trade at a loss?

Mr. WALDEN. I think I answered that before, by saying that we had been in that market for a good many years. We were doing business there long before these taxes were established. Our hope is that some day the conditions will resume there that existed beforehand. Mind you, we have been doing business in the United Kingdom market for twenty-five or thirty years.

Mr. UNDERWOOD. You expect, then, that conditions will return to a point where you can enter the United Kingdom market and sell your product at a profit?

Mr. WALDEN. That is our hope, or we would not stay in it.

Mr. UNDERWOOD. And in that market you compete with the foreign starches on a free-trade basis?

Mr. WALDEN. That is the case.

Mr. UNDERWOOD. So that the practically prohibitive tariff that is now on starch is more than would be necessary for you to run your business in normal times and make a profit?

Mr. WALDEN. I do not see how you figure that.

Mr. UNDERWOOD. If you can compete in European markets—

Mr. WALDEN. We are competing at a loss. It is not competition commercially.

Mr. UNDERWOOD. But you said that you had competed at a profit in normal times, and you expected to compete at a profit again in normal times.

Mr. WALDEN. Yes; but there are very many conditions that would enter into that. This article that Senator Hale was talking about—tapioca—may have been very high, or other starches may have been very high, to enable us to sell our starches at a profit there.

Mr. UNDERWOOD. But you just said you expected conditions to return under which you could compete in that market at a profit.

Mr. WALDEN. We naturally do. We have had them before.

Mr. UNDERWOOD. Then that is the expectation of your trade, and there you deal on a free-trade basis. You have no protection. Under those circumstances, where your competitors, instead of your paying the cost to Europe (which you stated was high), have got to pay the cost of transportation to this country, I want to know, in a normal market, where is the occasion for a protective tariff upon your products?

Mr. WALDEN. Well, sir, if we have got to compete against cooly labor in making certain kinds of starches, we might just as well go out of the business. We are paying our labor a good, honest wage; and, as I told you, our average wage is a matter of \$2.50 a day—easily \$2.40 a day apiece. Just compare that with the wage that is paid in the East Indies for starches that are made there and sent into the United Kingdom, or sent into this country, and your question is answered.

Mr. UNDERWOOD. I am taking your own statement. You said that you anticipated that in a few years conditions would reach a point where you could go back and compete in that market at a profit.

Mr. WALDEN. Yes; but perhaps I did not make myself quite clear that there are natural conditions that exist there now, one of which is that this crop of sago or tapioca is a short crop. Then we have our inning, and we get, naturally, all the traffic will stand in those countries. That is business.

Mr. UNDERWOOD. What does it cost you to ship your product to the English market—the United Kingdom?

Mr. WALDEN. For freight?

Mr. UNDERWOOD. Yes.

Mr. WALDEN. The freight is, roughly, about 7 or 8 shillings per ton—or 9 shillings—along there.

Mr. UNDERWOOD. Nine shillings would be about \$1.75?

Mr. WALDEN. Oh, no; 9 shillings, roughly, would be 10 cents a hundred on the price.

Mr. UNDERWOOD. Ten cents a hundred would be the freight?

Mr. WALDEN. Ten cents a hundred would be the freight; yes.

Mr. UNDERWOOD. What is the freight paid by your foreign competitor to the United States?

Mr. WALDEN. The same thing.

Mr. UNDERWOOD. So that when he is selling here you have a freight differential in your favor of 10 cents a hundred?

Mr. WALDEN. No. How do you make that?

Mr. UNDERWOOD. Did you not say that the freight from his point to the United States was 10 cents?

Mr. WALDEN. Yes; but he starts off by making his goods from cheaper corn.

Mr. UNDERWOOD. I am simply talking about the freight. Eliminating everything else, on the freight question he has—

Mr. WALDEN. Why, he has not got his goods any cheaper in my market than I have got my goods in his market.

Mr. UNDERWOOD. No; but when you go to his market you have to pay 10 cents freight extra; and when he comes to your market he has to pay 10 cents freight in order to get in?

Mr. WALDEN. Certainly. That is true of all commerce. That is territorial distribution.

Mr. UNDERWOOD. Is not that difference sufficient to enable you to control the home market without a protective tariff?

Mr. WALDEN. No. Ten cents a hundred? Why, a variation of a cent a bushel in the price of corn, or a few cents a bushel, would do that.

Mr. UNDERWOOD. I do not understand that yet. You do not make it clear to me how you can go into a foreign market in normal times and meet the competition there, and yet you can not meet it here.

Mr. WALDEN. I have not said anything about not meeting competition here. I think you have misunderstood me.

Mr. UNDERWOOD. I mean, meet competition here on the same terms, without a tariff to protect you.

Mr. WALDEN. Am I not doing it to-day? Am I not meeting the competition Senator Hale spoke about in regard to tapioca and sago and other free starches in this country? I am meeting that competition.

Mr. UNDERWOOD. Then the present tariff rate is not necessary for the maintenance of your industry?

Mr. WALDEN. For one article it is, decidedly.

Mr. UNDERWOOD. What is that?

Mr. WALDEN. That is the article that I was going to speak of here to-day, and if you will permit me, Mr. Chairman, I will just touch on that matter—the sago matter, sago flour.

Mr. CLARK. Mr. Chairman, before he does that I should like to ask two or three questions. I should like to understand how it is that an Englishman can get South American corn 10 cents a bushel cheaper than you can.

Mr. WALDEN. I can not answer that question, sir.

Mr. CLARK. You did say once, somewhere in your testimony, that perhaps it was because they bought at a more favorable time than you did. If that is true, that was just an accidental circumstance.

Mr. WALDEN. No; you have got two statements confused, I think. The chairman asked me if we bought any Argentine corn. I said we did. He said: "Did you not buy that corn as cheaply as the Englishman could have bought it?" I said: "No; we had to pay 15 cents a bushel duty."

Mr. CLARK. That is the tariff?

Mr. WALDEN. Yes.

Mr. CLARK. But you undoubtedly stated—it may have been inadvertently—that this South American corn cost you 10 cents more a bushel than it cost them.

Mr. WALDEN. No; I did not say the South American corn cost me 10 cents a bushel more.

Mr. CLARK. The Argentine corn, then.

Mr. WALDEN. I am talking about American corn. American corn this year has averaged 10 cents a bushel higher to the American con-

summer of corn than the corn offered in the markets of London. That is the statement I wanted to make.

Mr. CLARK. The corn offered in the markets of London is not equal, however, to the corn raised in the United States. I state that on the authority of the Secretary of Agriculture.

Now I want to ask you another thing: Corn within the United States is higher now than it has been within your recollection, is it not?

Mr. WALDEN. Yes, sir.

Mr. CLARK. It is 15 cents a bushel higher than it has been?

Mr. WALDEN. Yes, sir. It is a good deal more than 15 cents—yes; about that.

Mr. CLARK. This year it is selling out in the Mississippi Valley—I do not know what it sells for in New York—at about 60 cents a bushel.

Mr. WALDEN. Yes, sir.

Mr. CLARK. Last year it sold for 45 cents a bushel at this time of the year.

Mr. WALDEN. Yes.

Mr. CLARK. Do you know how much it sold for a year before? I have forgotten; I did not have any to sell then.

Mr. WALDEN. It was not quite as high, if my recollection serves me, the year before; but I have seen this selfsame corn down to 13 cents a bushel.

Mr. CLARK. I sold corn last year at 45 cents myself. Up until either last year or year before—I have forgotten exactly when it was that it did take the jump, but it was either last year or year before—prior to that corn sold out there where the corn is raised at about 30 cents a bushel, did it not?

Mr. WALDEN. Yes; that was about the price, sir.

Mr. CLARK. You were working then in the hardest year that you have had anything to do with since you have been in the cornstarch business?

Mr. WALDEN. I made the statement just now to the gentleman that in the last three years we have sold our goods in the United Kingdom at a loss. That is one of the answers.

Mr. CLARK. I know; but I was trying to get at the price of corn.

Mr. WALDEN. To make that worse, we have been willing to pay the American farmer 10 cents a bushel more for the corn than our English competitor can buy corn for and manufacture his stuff.

Mr. CLARK. That is because our corn is better than that corn. Is not that a fact?

Mr. WALDEN. No; with all due deference to our American corn, we know absolutely that the corn that we brought in from the Argentine Republic showed us about 2 per cent less starch extract, a little more corn-oil extract, and about the same percentage of feed that our American corn does.

Mr. CLARK. How would that make it average up? Which would be the better corn?

Mr. WALDEN. We would buy at an even price American corn.

Mr. CLARK. The Agricultural Department informed me a year or two ago in a letter that South American corn for some reason was not as good as North American corn.

Mr. WALDEN. It depends upon what you want it for, sir. The South American corn is a very hard berry, a very small, little berry, that looks almost like popcorn. You have seen it, of course. It is very different from our corn.

Mr. HILL. About what is the total production of starch in the United States, in round numbers?

Mr. WALDEN. Starch?

Mr. HILL. Yes; starch.

Senator HALE. About 8,000,000.

Mr. HILL. Fifty or a hundred million pounds, or what?

Mr. WALDEN. I have not got it quite that way.

Mr. HILL. Do you not know substantially? I do not want it exactly.

Mr. WALDEN. I can give it to you in another way.

Mr. HILL. Any way in which you can give us the information will do.

Mr. WALDEN. I can only speak of the cornstarch industry; I am not familiar with the potato-starch industry. There is, roughly, 140,000 bushels of corn ground per day. That is equivalent to about 45,000,000 bushels per year that is ground for cornstarch and cornstarch purposes. I can not separate them. That is equivalent, in acreage, to 1,750,000 acres of corn.

Mr. HILL. What is it equivalent to in pounds of starch—100,000,000 pounds?

Mr. WALDEN. If you will multiply that roughly by 25, you will get it.

Mr. HILL. Oh, I do not care within 10,000,000. Do you not know, substantially, about what the production of starch is in this country?

Mr. WALDEN. You see, when you say "starch," sir, it means "starch products" to me. The unit I think of is the amount of corn that you convert into starch, and from starch into liquids and other materials.

Mr. HILL. What I want to know is the amount of starch.

Mr. WALDEN. The amount of starch only?

Mr. HILL. Yes.

Mr. WALDEN. No; I can not give you that offhand. I would have to figure it up.

Mr. HILL. What would you think?

Mr. WALDEN. In pounds?

Mr. UNDERWOOD. It would be about 400,000,000 pounds, would it not?

Mr. WALDEN. It will take a little computation on my part to get at it.

Mr. HILL. About how much does your Corn Products Company make?

Mr. WALDEN. I say, again, that if I come right down to a bushel basis, I can tell you to-day what we grind in corn for starch purposes.

Mr. HILL. Can you tell me substantially, in round figures, how much starch you make in a year?

Mr. WALDEN. Yes; if you will wait a moment. I thought, however, that the chairman wanted to progress on this matter a little faster. (After making computation.) We make about 8,000,000 or 9,000,000 (roughly speaking) pounds of starch a day.

Mr. HILL. Each year?

Mr. WALDEN. No; a day.

Mr. HILL. A day?

Mr. WALDEN. Certainly, sir.

Mr. HILL. Nine million pounds a day?

Mr. WALDEN. One moment; let me be sure I am right in my figures. No; wait a moment—900,000 pounds. I got a cipher too much on there, but that is immaterial.

Mr. HILL. That would be about 270,000,000 pounds a year?

Mr. WALDEN. That is right.

Mr. HILL. Do you think there is as much as that produced in the United States?

Mr. WALDEN. Yes.

Mr. HILL. And that your concern produces?

Mr. WALDEN. No, no; I am speaking of the corn-starch industry.

Mr. HILL. Oh, the total corn-starch industry. What proportion of that do you produce?

Mr. WALDEN. We produce about 105,000 out of 140,000, speaking in bushels.

Mr. HILL. That is, you produce 75 per cent?

Mr. WALDEN. Yes, sir; in the neighborhood of 75 per cent.

Mr. HILL. You stated that you exported 12,000 bags at an average of 200 pounds to a bag. Is that correct?

Mr. WALDEN. That is about correct; yes. That is the normal average.

Mr. HILL. Who exports the rest? I see that there is a statement here that in 1905 the exportation of starch was 51,000,000 pounds; and according to your statement you only export 2,400,000 of it. Who exports the rest?

Mr. WALDEN. I think you are mistaken on that; are you not?

Mr. HILL. I may be.

Mr. WALDEN. On the 51,000,000, I mean.

Mr. GAINES. He is talking about cornstarch.

Senator HALE. That refers to all kinds of starch.

Mr. WALDEN. Yes—that is, at least, all kinds of starch that are made here. I only have a record of my own production that I am referring to here. That is the cornstarch.

Mr. HILL. Who are the producers of this other starch—this 49,000,000 pounds, roughly, in addition to the 2,000,000 that you export?

Mr. WALDEN. How is that?

Mr. FORDNEY. Corn starch or potato starch?

Mr. HILL. All kinds of starch. I do not imagine there is much potato starch. We import twice as much as we export.

Senator HALE. That is about 2,500 pounds.

Mr. WALDEN. There is a very small percentage of that. It is, roughly, 200,000 bags, is it not? That is 16,000 bags or 15,000 bags a month. I do not quite see where you get your figures on that. Fifty-one millions of pounds is equivalent to in the neighborhood of 200,000 bags, is it not?

Mr. HILL. The trouble is that you are talking about corn starch and we are talking about all kinds of starch.

Mr. WALDEN. I told you that we exported in the neighborhood of about 12,000 a month. That would be equivalent to about 90 per cent of that. Apparently my competitors do not care to fight in the English market.

Mr. HILL. You do not seem to get the point upon which I want information. I am asking this one question: If you produce 75 per cent of the cornstarch that is produced in the country, and export 12,000 bags, say, at 40 cents, why do you not sell it all here, instead of selling it abroad at all at a lower price, and get just as much money out of it here and perhaps more?

Mr. WALDEN. Why, my dear sir, we would not do anything of the kind. We are selling goods over there at a ruinous loss to-day in the foreign markets. Do you ask us to sell at the same price here?

Mr. HILL. Do you mean to tell me that the Corn Products Company is deliberately selling its goods abroad at less than cost, and not occupying the market which it could occupy in the United States at the same price?

Mr. WALDEN. We are not leaving any market neglected here in the United States—no; but we are selling the goods on the other side at a loss. That is a positive statement. I have explained that quite clearly.

Mr. CRUMPACKER. Your exportation amounts to 12,000 bags a year?

Mr. WALDEN. Twelve thousand bags a month, I said. That is, roughly, 50,000,000 pounds.

Mr. CLARK. Mr. Witness, how much cornstarch do you get out of a bushel of corn?

Mr. WALDEN. How much? Oh, to make a rough computation, in the neighborhood of 25 or 27 or 28 pounds to the bushel, depending on the bushel.

Mr. CLARK. How much do you get for it?

Mr. WALDEN. Where do you mean?

Mr. CLARK. Anywhere—here, abroad, or anywhere else.

Mr. WALDEN. In Chicago our price to-day on the finished product is $2\frac{1}{2}$ cents a pound.

Mr. CLARK. That is in Chicago?

Mr. WALDEN. Yes. That is the best place.

Mr. CLARK. How much do you pay for corn now?

Mr. WALDEN. Corn is costing us about 64 or 65 cents in Chicago.

Mr. CLARK. In Chicago?

Mr. WALDEN. Yes.

Mr. CLARK. Where do you make the finished starch—at Chicago or New York?

Mr. WALDEN. Well, there is your price at Chicago; just take your price of corn and figure it against Chicago.

Mr. CLARK. All right. These prices that you have been talking about are your New York prices for starch, or are they your Chicago prices, or are the prices the same in Chicago and New York?

Mr. WALDEN. No, no. The gentleman who preceded me quoted the price of \$2.65 in New York. There is 15 cents a hundred freight to New York City. That is \$2.50 in Chicago.

Mr. CLARK. I see.

Mr. CRUMPACKER. What, if any, change are you asking in the tariff schedules upon starch?

Mr. WALDEN. I am asking that something be done on the question of sago flour.

Mr. CRUMPACKER. And that only?

Mr. WALDEN. Only on sago flour; that is my only request.

Mr. CRUMPACKER. You are satisfied with the present rate on starch?

Mr. WALDEN. I am satisfied with the present rate on starch.

Mr. CRUMPACKER. And you are not asking that tapioca be taxed?

Mr. WALDEN. Tapioca does not interest us particularly.

Mr. CRUMPACKER. It is no competitor of yours?

Mr. WALDEN. It is a competitor of potato starch. Sago flour is the cheap stuff that comes from the East Indies and is a direct competitor of cornstarch.

Mr. CRUMPACKER. For what reason do you ask for a tax on sago flour?

Mr. WALDEN. For the simple reason that it is imported into the market here, free of duty, at a price at which we can not produce our goods.

Mr. CRUMPACKER. How does it interfere with your production? Is it a competitor of cornstarch?

Mr. WALDEN. Oh, yes; a decided one.

Mr. CRUMPACKER. What other uses are there for sago flour in this country?

Mr. WALDEN. It is used as tapioca is used, for sizing purposes, as Senator Hale has explained.

Mr. CRUMPACKER. Do you use it for food purposes?

Mr. WALDEN. When it comes in as pearl sago it is used for food purposes.

Mr. CRUMPACKER. Can a distinction be made commercially between pearl tapioca used for food purposes and commercial tapioca?

Mr. WALDEN. I am talking about sago.

Mr. CRUMPACKER. Or sago?

Mr. WALDEN. Oh, yes, sir.

Mr. BONYNGE. Can the same distinction be made in the case of tapioca?

Mr. WALDEN. I am not so familiar with the tapioca situation; I am not competent to talk relatively.

Mr. CRUMPACKER. So that if a reasonable tariff should be put upon commercial sago, for instance, leaving pearl sago on the free list, it would not interfere with that portion of the importation that is used for food purposes; would it?

Mr. WALDEN. I should not think so. I do not know anything about pearl sago as a food article. I never come in contact with it. I only know it by hearsay.

Mr. CRUMPACKER. Is the kind of sago flour that you use, or that competes with cornstarch, fitted for food purposes?

Mr. WALDEN. Yes; the higher grades of sago could be. It is only a question of washing starch to refine it, you know. All starch, in its degree of washing, is pure or impure.

Mr. CRUMPACKER. You think, then, that it would be a wise thing to impose a tax upon sago flour, an article that is of general consumption for food purposes in the country, to protect the cornstarch industry?

Mr. WALDEN. No; I do not.

Mr. CRUMPACKER. Then what are your reasons?

Mr. WALDEN. My reason is this: Last year we imported free of duty 9,000,000 or 10,000,000 pounds of sago that comes into this country in direct competition with cornstarch, made in this country; and it is sold here. I doubt very much whether half a million pounds

would be sold if it were not for the fact that it sells 1 cent or three-quarters of a cent a pound cheaper than cornstarch. The importation of sago simply means, roughly, a loss to the American farmer of 400,000 bushels of corn last year that would have been consumed as cornstarch; or, on the question of wage to the American laborer, 8,000 men for one day at the wage of \$2.50 a day.

Mr. FORDNEY. Mr. Walden, you stated that you marketed about 25 per cent of your product abroad, did you not?

Mr. WALDEN. One gentleman was asking me about starch, I think, sir. He was talking about starch. Our products from starch are legion, almost. We make some thirty-odd products.

Mr. FORDNEY. Whatever it is, at all events, when you are doing that you are running at your fullest capacity?

Mr. WALDEN. That would be an average.

Mr. FORDNEY. In other words, if you sell 75 per cent of your product in the American market now, could you make it as cheaply by running three-quarters time as you could by running full time?

Mr. WALDEN. No; of course not. In the ratio in which the unit is considered in the manufacturing of your product so will your economy be.

Mr. FORDNEY. Then by running at your fullest capacity, employing all the men that can be employed in your factory, and marketing one-quarter of your product abroad, you manufacture cheaper than you otherwise would, employ more labor, and consume more raw material?

Mr. WALDEN. Oh, yes; we do, sir.

Mr. FORDNEY. If you pay the American scale of wages, no one should question what you sell for abroad, then?

Mr. WALDEN. Decidedly so; decidedly so. If we want to lose money and fight a situation over there, that is our business, pure and simple.

Mr. FORDNEY. You do pay the American scale of wages, do you?

Mr. WALDEN. We do, indeed.

Mr. FORDNEY. And you do pay the American price for your raw material?

Mr. WALDEN. We do, indeed. We imported here a little Argentina corn in the hope that we might lessen this loss that was occurring abroad. We found a difference of 2 or 3 per cent in that corn. The corn arrived here in poor condition, and all that sort of thing. But I do not want to tire you on this starch question, gentlemen. It was not my thought to say a word about it.

Mr. CRUMPACKER. What other products do you make in connection with cornstarch? Is cornstarch a by-product?

Mr. WALDEN. No.

Mr. CRUMPACKER. What by-products do you make?

Mr. WALDEN. When we take the corn we steep it for a matter of from thirty to sixty hours. We loosen up the starch that is in the corn berry. We separate that kernel to get the starch out of it. That, by a process, is floated out; or, rather, it is washed out and floated. The germ and other lighter materials of the berry will float off, and the starch, which is heavy, will settle to the bottom. We gather that starch, wash it, rewash it, and make it into a dozen different kinds of starches for the different purposes for which it may be used. If it is wanted for a mill, it will be a sizing starch. If it is wanted for the

table, it must be a purified, edible starch. If it is wanted for the laundry, we have got to refine that starch to give it to you in the shape in which your housewives will find it acceptable for laundry purposes. Then, again, the starches have got to be made for dextrin purposes. That is the calcining of the starches. And then we pass from the starch item, and we go over and find that the same starch, or, rather, the same idea of starch in a wet form (that is, not dried) will pass into our refineries, and there we convert it into a sirup—literally a sirup; in a sense a sugar sirup. It is a sugar. It is one of the sugar family. That is made in several different grades, for several different purposes. It is used for many other purposes; it is used in the arts, and in all sorts of ways.

Mr. CRUMPACKER. That is what is commonly called glucose?

Mr. WALDEN. That is commonly called glucose. Glucose is a pre-digested food, literally. It is just the same thing, exactly, that goes on in every man's anatomy when he eats a potato, or anything else containing starch. It is a question of the action of the gastric juice upon starch, converting it into an assimilable fluid. That is what glucose, or corn sirup, is. Then we get our by-product, which is oil, from the germ, the heart, the kernel of the corn, the propagating part of it. We press that, and get a corn oil out of it which we refine and sell. Then we sell the cake from the presses. We take the feed portion, the cellulose portion of the corn, which contains gluten, and make a health feed out of it, called "gluten feed."

Mr. CLARK. I want to ask you one more question that will straighten up this corn business. Do the by-products which you get out of corn pay as much as the whole cost of manufacturing the starch?

Mr. WALDEN. Not a bit of it. You ask if the by-products that we get will run up as much as the cost of making the corn into starch?

Mr. CLARK. Why, yes. That is the question I ask you. I am not counting the price of the corn, but—

Mr. WALDEN. That is not the way we figure our cost, sir.

Mr. CLARK. Do you get enough out of the by-products in this process of manufacturing corn into starch to pay the whole cost of manufacturing?

Mr. WALDEN. I do not know quite how to answer that question for the reason that every product of the business is a product. If you ask me what starch costs, I can tell you; if you ask me what oil costs, what feed costs, what glucose costs, or anything else, I can tell you. Why do you not ask me whether all the other products that we make out of corn will pay the cost of making starch?

Mr. CLARK. No; I ask you a simple question. I do not know whether you can answer it or not.

Mr. WALDEN. I do not think I am competent to answer it.

Mr. CLARK. Now, I am going to ask you another one, then, on that basis. How much do you get out of a bushel of corn ultimately for all of these products—I do not care a straw whether you call them by-products or not.

Mr. WALDEN. We can not get out of a bushel of corn any more starch than is in the corn, and we can not get quite that.

Mr. CLARK. But you did testify that you get 28 pounds of starch out of a bushel of corn?

Mr. WALDEN. Yes.

Mr. CLARK. What goes into the rest of it; and how much do you get out of the rest of it, if you can tell? Of course I do not expect you to perform impossibilities, but I am simply after information.

Mr. WALDEN. I am not turning any handsprings; I think I can do that, though.

Mr. CLARK. Very well.

Mr. WALDEN. We get, roughly, 28 pounds of starch out of a bushel of corn. That is a good yield. We get about 12 pounds of feed out of it. We get about a pound and a half of oil out of a bushel, and we get $1\frac{1}{4}$ pounds of cake. Those are rough statements. A bushel of corn theoretically is 56 pounds; but there never was a starch manufacturer that found that number of pounds in a bushel. We never got a bushel of that kind.

Mr. CLARK. Do you not buy 56 pounds for the bushel?

Mr. WALDEN. Yes; 56 pounds of corn, containing, to-day, 10 per cent moisture, if you please.

Mr. CLARK. Of course, you have got to take the weather as other people have.

Mr. WALDEN. Certainly, certainly. Then, besides that, we sometimes get things that are objectionable—not intentionally put in, of course; never any silk umbrellas—but we do get bricks and everything else.

Mr. CLARK. Yes; I know that. I have seen some things about that myself. You have not told me yet, however, how much you get out of the money value of the bushel of corn when it is put into your product.

Mr. WALDEN. I think, sir, I am occupying your time more than I ought to.

Mr. CLARK. No; we want to get at the facts.

Mr. WALDEN. I did not come here to speak on this subject, and if the chairman will allow me I will submit those figures gladly.

The CHAIRMAN. That will be satisfactory.

Mr. WALDEN. I am taking up an unusual amount of your good time.

Mr. CLARK. One other question on another subject and I will let you go.

Mr. WALDEN. Thank you.

Mr. CLARK. The fact that you can manufacture cornstarch the year round and these potato men can only manufacture potato starch two months out of the twelve gives you a vast advantage in the manufacture of cornstarch as against potato starch, does it not?

Mr. WALDEN. I would rather be in the cornstarch business; yes.

Mr. CLARK. I should think so.

Mr. WALDEN. I would rather be in a business twelve months of the year than be in a business two months of the year. I like to be active.

Mr. RANDELL. I should like to ask the witness a question. You stated that this company you belong to had been referred to as a trust. I mentioned the name of your company, but I did not mention it as a trust. Is it a trust?

Mr. WALDEN. Why, I do not like to differ with you, but I think the records will show that you asked Senator Hale the question if this was the concern referred to as the trust.

Mr. RANDELL. No; I think not. At any rate, I want to ask you this question about it: Have you any competitors?

Mr. WALDEN. Have we any competitors?

Mr. RANDELL. Yes.

Mr. WALDEN. Why, we have in this country to-day five starch concerns in the United States outside of ourselves, wholly independent, in active competition with us.

Mr. RANDELL. What do you mean? Are they separate corporations?

Mr. WALDEN. Absolutely separate, unowned, uncontrolled by or in any way connected with us.

Mr. RANDELL. Is stock in any of them owned by the stockholders of this concern you represent?

Mr. WALDEN. Not one penny.

Mr. RANDELL. Not at all?

Mr. WALDEN. Not one penny, directly, indirectly, or in any other way.

Mr. RANDELL. Where are they situated in reference to you?

Mr. WALDEN. We are all mainly in the corn belt, naturally. I will tell you exactly where our factories are situated. We have one at Edgewater, which is across the river from New York City. Then we have one at Oswego, N. Y. That is the Kingsford starch factory. The next one, going west, is at Indianapolis. Then we have one in Chicago. We have two in Waukegan, Ill., which is just north of Chicago. We have one in Pekin, Ill. We have another one in Davenport, Iowa. We have another one in Granite City, which is just across from St. Louis.

Mr. RANDELL. Then you say there is no such thing in this country as a starch trust?

Mr. WALDEN. I should say so, decidedly—decidedly so. We do not enjoy a monopoly of the starch business. I wish we did. I will be frank with you. I would not like anything better than to enjoy it. I do not believe in such things, but I would like to enjoy it.

Mr. CLARK. You do not call your New York factory in the corn belt, do you?

Mr. WALDEN. No—well, the Oswego factory might be so considered. It is an old plant that was built there years ago by the Kingsford company. I do not think that is material, though. I should like to dispose, Mr. Chairman, of this sago matter.

The CHAIRMAN. Just let us see what he says for a moment.

Mr. WALDEN. I should like to dispose of this sago matter. I think it is rather unkind, when I have come down here as an earnest listener, to be fired at in this way when I had no intention of occupying your time. I am very glad to enlighten you, sir, if I can.

Mr. HILL. I should like to ask you a question, if you please. You said you had been shipping abroad for from twenty to twenty-five years?

Mr. WALDEN. No; I said to you that I had been in the business twenty-five years.

Mr. HILL. Yes. How long have you been exporting starch?

Mr. WALDEN. I guess it is a matter of fifteen years or so, at a rough guess.

Mr. HILL. Fifteen years?

Mr. WALDEN. Yes.

Mr. HILL. Have you uniformly and steadily sold abroad at less than you do here?

Mr. WALDEN. Oh, no; many times we have sold higher.

Mr. HILL. When did you begin?

Mr. WALDEN. That is a matter of record that I would have to look up, sir.

Mr. HILL. I wish you would.

Mr. WALDEN. But it is present in my mind that we sold abroad at better prices than we sold in America. Naturally, in the conduct of our business, we are selling our goods where we can sell them at the best prices. That is business.

Mr. HILL. Certainly, sir.

Mr. WALDEN. We have to stay temporarily in this losing market because we have been in it, and it has been a profitable market, and we are staying in it with the hope that it will be better.

Mr. GAINES. May I ask you one question? I can understand, I think, your reasons for desiring to stay in your foreign market, even though temporarily you have to suffer a loss to hold your own there. But if you can manufacture in America and sell at a profit ordinarily in a free-trade market like England, what is the reason that you have to offer for asking the continuance of protection on your product in this country?

Mr. WALDEN. For the same reason that if I could I would go to England and ask them to put it up there. I am competing there against the cooly labor, perhaps, of the world, as far as starch is concerned. There are the tapioca and the sago products that are coming in active competition with me there. I would not sell three-quarters of my product there and one-quarter of it here.

Mr. GAINES. But we are much more interested in the reason why you ought to have it than in your desire to have it. Your desire to have it is much easier to understand.

Mr. WALDEN. Yes; I see your point. I will elaborate all of these things. I have taken a careful note of them. I did not come here, as I say, to speak on this starch question at all. One of my friends here said something that I just jotted down. He said that before this "gigantic trust" was formed the price was \$1.25 to \$1.50, and that now the price is \$2.65. That is obvious. I well remember when I sold goods at \$1.25 a hundred pounds; I bought corn then for less than 20 cents a bushel. To-day we are paying 60 cents and over for corn, at this very moment; and our price is \$2.65 in the market.

The CHAIRMAN. There is not so much demand, and has not been in the last year, for your products in the United States?

Mr. WALDEN. Unfortunately, there is not.

The CHAIRMAN. You have been selling your product cheaper in order to get rid of the product, to keep your factories going?

Mr. WALDEN. Partially so; partially so.

The CHAIRMAN. And while you have been exporting, as I understand, most of the time you have gotten as good or a better price there than here?

Mr. WALDEN. Yes, sir; we have. May I finish what I am here in Washington for, and that is the sago matter? I would like to say just one word on that subject, and I will submit a brief to you; and then I will not stand here any longer and bother you.

The CHAIRMAN. All right, Mr. Walden; you can go on with your favorite subject.

Mr. WALDEN. I have been trying to get at this sago business—

Mr. BOUTELL. I should like to ask you a question that I do not think has been asked. [Laughter.] I should like to have the solution of what seems to be a mystery, but which is undoubtedly very simple to one who understands the commercial factors involved. You sell starch in New York at \$2.65 a hundred now?

Mr. WALDEN. Yes, sir.

Mr. BOUTELL. To whom do you sell that? Who are your purchasers? That is, what class of people—jobbers?

Mr. WALDEN. When I say that we sell starch at \$2.65, I simply use the quotation that has been previously made by Mr. Morningstar. That means cornstarch in bags, 280 pound sacks. That is the cheapest form in which it is sold. That is the way in which it is exported, generally.

Mr. BOUTELL. Any figures will do for the purposes of this illustration. If \$2.65 is what you state—\$2.65 a hundred in New York—what is the class of purchasers?

Mr. WALDEN. For that class of starch it would be the mill buyers.

Mr. BOUTELL. The mill buyers?

Mr. WALDEN. Yes, sir; men that would use it to make sizing or dextrin out of it.

Mr. BOUTELL. Are they jobbers who sell to the mills, or do you sell directly to the mills?

Mr. WALDEN. We sell directly to the mills. Our interest is to sell as near to the consumer as we can.

Mr. BOUTELL. Very well. Then a mill needing starch will pay for it, in New York, \$2.65?

Mr. WALDEN. Yes, sir.

Mr. BOUTELL. At the same time that you are selling it for \$2.65 to the mill in this country you are selling it abroad for, I understood you to say, \$2.25?

Mr. WALDEN. Two dollars and twenty-five cents, I think, is our present price there. I have got to convert it from English money into American money, and the freight is put on.

Mr. BOUTELL. Whatever it is, is that in London with the freight paid?

Mr. WALDEN. No; that is the parity in New York City that I am talking about.

Mr. BOUTELL. That is sold in New York City for how much?

Mr. WALDEN. You asked me what the relative price was (or, rather the chairman did), and I computed it in that way, both prices being in New York. The goods in the foreign market are on the basis of parity with London or Glasgow or Antwerp or other places.

Mr. BOUTELL. We are getting along to what I am trying to arrive at. You sell it to the domestic mill in New York at \$2.65. You sell it for export in New York for \$2.25?

Mr. WALDEN. Yes, sir.

Mr. BOUTELL. Then when it gets to London it pays 10 cents more a hundred for the freight charge across the ocean?

Mr. WALDEN. Yes.

Mr. BOUTELL. And that lands it in London at \$2.35?

Mr. WALDEN. Yes.

Mr. BOUTELL. Now, here is the trouble that I want to get at on this question of selling abroad cheaper than in this country a commodity that is in demand in this country in what might be called commercial

quantities: Here is a mill in Mr. Hill's district that wants some starch; and he telephones you, and you say you can give him a starch in New York at \$2.65. He cables to London, and finds that the starch is being sold in London at \$2.35, and that it will cost him 10 cents to get it back here, which is \$2.45, which makes it cheaper by 30 cents for Mr. Hill's manufacturer to order his starch by cable from London than to buy it in New York.

I should like to have solved right here and now the mystery in that matter which is puzzling the press and which during some weeks has puzzled the campaign orators. Of course there must be some solution for it. If there is somebody in England who is paying more than the \$2.65 to a jobber over there, that explains it; then his mill can not get it. But where is that extra 30 cents absorbed in England, which would prevent the mill ordering it by cable and getting it back here cheaper than it can get it by using the telephone?

MR. WALDEN. You have propounded a question there which you say our orators can not answer and our press can not answer, and you want me to answer it. I do not know that I can, but I can say this: That it is common commercial gumption to sell your goods in the best market in which you can sell them. Conditions govern every market that you enter. I may be able to sell my goods in New York to better advantage than I can sell them in Boston. If so, I am entitled to sell them there, am I not?

MR. BOUTELL. I quite understand that.

MR. WALDEN. I may be able to sell them to better advantage in Chicago.

MR. BOUTELL. It is also commercial gumption for a man to buy just as cheaply as he can.

MR. WALDEN. Certainly it is.

MR. BOUTELL. Have I not stated the matter correctly up to this point—that when the starch is offered in New York at \$2.65, and it is offered in London at \$2.35, supposing that there is no way to prevent its getting over there—

MR. WALDEN. Well, why do you not take it the other way around? You gentlemen are asking me why we do such a thing as that; but why do you not go down to Australia, and see us selling it there and getting a better price than we do in New York City, and so on down? We are meeting a specific and concrete condition that exists in London and in England. We are fighting it. We might stay right in New York and fight it.

MR. BOUTELL. You misapprehend my question and what I am trying to get at. It is something that everybody seems to elude.

MR. WALDEN. Why, I think your question answers itself, sir.

MR. BOUTELL. I do not understand why it is, what the commercial mystery is in starch being sold—not offered, but sold—in New York at \$2.65 a hundred and being sold in London at \$2.35 a hundred, when the purchaser here who can get it for \$2.35 can bring it over here at a cost of 10 cents, which would be \$2.45. That is what I do not understand.

MR. WALDEN. I am going to answer the question, although I think it answers itself. There is a cent and a half duty on it.

MR. HILL. Yes; but you just said that you met the competition in Australia, 10,000 miles nearer your coolie competition, at a better price than you get here.

Mr. WALDEN. Yes; I illustrated in Australia and in South America, where to-day we can sell our products to better advantage than we can sell them in New York City.

Mr. HILL. And you do not fear the coolie competition there?

Mr. WALDEN. Why, they are not using the same class of goods that we are putting down there. Starch is used for one purpose and another.

Mr. FORDNEY. Does the duty cut any figure when it is shipped back from England under the conditions inquired about by Mr. Boutell?

Mr. WALDEN. If the duty were taken off of cornstarch to-day, the English manufacturer and the Scotch manufacturer would be landing cornstarch here in New York City just as quickly as you—

Mr. FORDNEY. I do not believe you understand my question. Mr. Boutell has described the situation under which, while it is selling for \$2.65 in New York, it can be sold abroad for \$2.35 and shipped back again for 10 cents freight, making \$2.45. Now, does the duty cut any figure when it comes back?

Mr. CALDERHEAD. It does not pay any duty.

The CHAIRMAN. It could not cut any figure at all, except as to the rebate that he had on the corn. He would have to pay back the rebate that he got on the corn.

Mr. WALDEN. That would not enter into it.

Mr. CLARK. But if he made it out of American corn he would not have to pay it.

The CHAIRMAN. Suppose it was Argentine corn?

Mr. CLARK. That is just accidental corn.

Mr. WALDEN. I do not think it would make any difference. There is no Argentine corn being used, except that particular lot. The American-made product could come back again.

Mr. FORDNEY. Pardon me one question.

Mr. WALDEN. You asked me the question, "If it did come back, what did it do?"

The CHAIRMAN. Gentlemen, we must close with this witness in five minutes.

Mr. FORDNEY. I will close in half a minute; but I want to get a chance to get a question in edgewise. I want to ask you, my friend, does any of your product go to England and then come back to the United States market?

Mr. WALDEN. No, sir; there never has any come back that I know of.

Mr. GAINES. Under the conditions suggested by Mr. Boutell, why would it not come? I can not understand that.

Mr. WALDEN. Well, I hope you gentlemen will not enlighten people as to how to get it back. I could tell you how to get it back.

Mr. BONYNGE. But you can buy it cheaper over there than you can buy it here.

The CHAIRMAN. Is it right to argue this question with the witness?

Mr. WALDEN. That is a question of commercial economics. You will buy in the cheapest market you can buy in, my dear sir, and you will sell in the best market that you can sell in.

Mr. GAINES. But you say they do not do it. They do not go to London to buy it, although they can buy it there cheaper than they can here.

Mr. WALDEN. Well, now, I am very sorry this thing came up in this way. There are in this room very good customers of mine, and if you put a thought of that kind in their heads they will, perhaps, go to London and buy their stuff. [Laughter.]

The CHAIRMAN. I think the five minutes are up.

Mr. WALDEN. Will you let me finish on this sago matter?

The CHAIRMAN. Sago—yes.

Mr. WALDEN. I will not take but one moment.

The CHAIRMAN. We will hear you on sago.

Mr. WALDEN. Thank you.

The sago flour question was covered, Mr. Chairman, very much in the same way that the tapioca flour question was covered by Senator Hale, but with this difference: Sago flour enters into this country at a price near a cent and a half to a cent and three-quarters a pound, and as such it comes in contact with a higher-priced starch made here, which is the cornstarch. Now, this morning people were handing around lemons and such things to hurry this matter up, and I only intended to occupy about five minutes to tell you just why we can not make starch in America to compete with that kind of starch that comes in here free of duty that is made down in the East Indies. The reason is, we pay American labor here \$2.50 a day, and they pay cooly labor down there to wash their starch, to chip it from the palm tree, and wash it out and ship it to us here free of duty. That is not a fair proposition, when ten millions of pounds of that starch are brought into this country and every pound of it takes the place of cornstarch made here in America, and means 400,000 bushels of corn taken out of consumption here that would otherwise go into consumption, and which means, as I told you before, 8,000 men's wages for one day. What we ask is a very fair proposition, and I am going to submit a brief on it, and give you the details and answer the other questions of these gentlemen if I am competent to do it.

I am much obliged to you.

Mr. UNDERWOOD. One question on that point: On the sago starch you compete in the English market under free trade with the same proposition?

Mr. WALDEN. Yes.

STATEMENT OF EDWARD WEIDENBACH, NEW YORK CITY, IMPORTER OF DEXTRIN, WHO GIVES INFORMATION RELATIVE TO THE LEGAL STATUS OF TAPIOCA.

WEDNESDAY, *November 18, 1908.*

The CHAIRMAN. Give your name and residence.

Mr. WEIDENBACH. Edward Weidenbach; New York City.

Mr. CLARK. What is your business, Mr. Weidenbach?

Mr. WEIDENBACH. The importing of starch dextrin.

I simply wanted to read you gentlemen here (because there seems to be this question of tapioca flour being fit for use as starch) the following: In this Supreme Court decision it is said:

Sizing cotton goods might perhaps be regarded as somewhat of a starch purpose, as starch is sometimes used in that way. The evidence does not show that this use is general, and the expression "fit for use as starch" would not, in

our judgment, include that use. We think it would not, in the ordinary acceptance of the term, be called a starch purpose.

These gentlemen had all this evidence before them, and also the decisions of the lower courts.

Glue would accomplish much the same purpose and might be used therefor. The use by calico printers and carpet manufacturers to thicken colors is not the ordinary use of starch, nor is it a starch purpose; nor would its use as an adulterant in the manufacture of candy and other articles be properly described as such a purpose.

Assuming, as counsel for the Government claims, and as is undoubtedly entirely true, that the policy shown in the tariff act is protection to American industries, yet the article here in controversy does not and can not compete with American starch for any of the purposes for which starch is commonly and ordinarily used in this country. The evidence to that effect, we think, is conclusive.

The CHAIRMAN. Do you desire to submit your brief there and have it printed?

Mr. WEIDENBACH. Yes, sir.

Mr. CRUMPACKER. What case were you quoting from?

Mr. WEIDENBACH. I was quoting from the United States Reports, volume 176, October term, 1899.

(The paper submitted by Mr. Weidenbach is as follows:)

CHEW HING LUNG v. WISE, COLLECTOR.

United States Reports, volume 176, October term, 1899.

[Certiorari to the circuit court of appeals for the ninth circuit. No. 36. Argued December 11, 12, 1899. Decided January 22, 1900.]

Tapioca flour is not a preparation fit for use as starch, and under the tariff act of October 1, 1890, chapter 1244, paragraph 720, is entitled to free entry.

The designation of an article, eo nomine, either for duty or as exempt from duty must prevail over words of a general description, which might otherwise include the article specially designated. The statement of the case will be found in the opinion of the court.

Mr. A. B. Brown and Mr. Albert Comstock for Chew Hing Lung. Mr. Charles Page was on their brief. Mr. Assistant Attorney-General Hoyt for Wise and the United States.

Mr. Justice Peckham delivered the opinion of the court.

The question in this case, which comes before us on certiorari, is whether certain merchandise imported into this country is entitled to free entry or is subject to duty. The merchandise is claimed to be tapioca, and the question arises under the tariff act October 1, 1890, chapter 1244, 26 Statutes, 567.

Paragraph 323 (p. 588) of the statute reads as follows:

323. Starch, including all preparations from whatever substance produced, fit for use as starch, 2 cents per pound.

Paragraph 730 (p. 610) of the free list reads as follows:

730. Tapioca cassava or cassady.

The Government claims that the merchandise is a preparation fit for use as starch, and is therefore dutiable at 2 cents per pound under paragraph 323.

The importers contend that the substances imported by them is tapioca, in the form of tapioca flour, which is one of the three forms

of tapioca known to commerce, and is therefore entitled to free entry under paragraph 730.

The merchandise was imported in November, 1893, at the port of San Francisco, and the collector of the port imposed a duty of 2 cents per pound upon it. The importers claiming that it was entitled to free entry, appealed to the Board of General Appraisers, and that board decided that the imported article was free of duty, and judgment to that effect was entered. Upon appeal by the collector to the circuit court of the United States in the ninth circuit, northern district of California, that court affirmed the decision of the board (77 Fed. Rep., 734), and the collector then appealed to the circuit court of appeals for the ninth circuit, where the judgment of the circuit court was reversed (48 U. S. App., 517), and the cause remanded with directions to affirm the decision of the collector. Upon application by the importers this court granted a writ of certiorari, it being alleged that there were inconsistent decisions in the circuit courts of appeals on this question.

Upon the trial of the case before the circuit court the parties agreed upon certain facts, and evidence was given in regard to the character of the substance imported and its fitness for use as starch, and the court found that the merchandise, though entered at the custom-house at San Francisco by the importers under various names, such as tapioca, sago, and root flour, is all the same substance, viz, the starch grains contained in and derived from the root botanically known as *Jatropha manihot*. In the West Indies the root is known as cassava or manioc; in Brazil as mandioc; but all these names indicate the same thing, without change of condition or character.

There are two varieties of the root, one of which is very poisonous, and both varieties contain a large proportion of starch. The starchy substance constituting the importations involved in this controversy consists of the starch grains obtained from the manihot root by washing, scraping, and grating, or disintegrating it into pulp, which, in the poisonous variety, is submitted to pressure so as to separate therefrom the deleterious juices. The starch grains settle and the juice is subsequently decanted, leaving as a deposit a powder, which, after repeated washings with cold water and after being dried, is nearly pure starch, and is insoluble in cold water. This is the substance in controversy. If sufficient heat and motion are afterwards applied to this substance a mechanical change takes place, the grains become fractured and thereby agglutinated. The latter substance is partly soluble in cold water, and is the granulated tapioca known as "pearl" and "flake" tapioca of commerce.

The importations in question are from China, and are made chiefly for the purpose of supplying Chinese laundrymen, who use the flour as a starch and to a slight extent for food purposes. Its use for starch purposes in the laundry is, however, limited to the Chinese, except that in some instances in San Francisco it is so used in their business by white laundrymen by mixing it with wheat or corn starch. Wheat and corn and potato starch are the starches commonly used in the United States. Tapioca flour is also used in the Eastern States by calico printers and carpet manufacturers to thicken colors, and in the manufacture of a substitute for gum arabic and other gums. It

is also sometimes used for sizing cotton goods, and in addition as an adulterant in the manufacture of candy and other articles.

Among the white people dealing with the Chinese on the Pacific coast the substance in question is commonly known as "Chinese starch." In the general importing markets of the United States it is commercially known as tapioca flour, and in those markets the term "tapioca" includes that article in three forms, viz, flake tapioca, pearl tapioca, and tapioca flour. The substance in question is not imported into San Francisco by others than Chinese.

The circuit judge also found that the article in question is fit for use as starch in laundry work in the sense that by its use clothes can be starched, but it is not commonly used in such work as starch throughout the United States and is not known to be so used except on the Pacific coast. Judgment was therefore ordered for the importers.

Opinion of the court.

These findings of facts were assumed by the circuit court of appeals, and upon them that court based its judgment, reversing the circuit court and affirming the action of the collector.

Upon these facts we are to determine which paragraph in the tariff act is to govern. The findings of the courts below, that the substance in question is included in the article of commerce known as tapioca, and is tapioca in one of its forms, would entitle it to free entry under paragraph 730, unless some other provision of the act nullifies that language. Paragraph 323 is relied on for that purpose. We think it does not have such effect. That paragraph is general in its nature and provides for a duty upon starch, including in that name all preparations from whatever substance produced fit for use as starch. Any preparation, therefore, which is fit for that use would come within that general designation. What is a preparation "fit for use as starch" is another question, but assuming tapioca flour to be thus fit, it would be subject to duty under that paragraph if there were not another and different provision in the statute relative to that same substance.

When we come to look at the free list in the same statute we find that tapioca is to be admitted free, and the finding of the court is that tapioca flour is one of the three forms of what is commercially known as tapioca, and under that provision the substance involved in this case would be entitled to free admission. Attempting, as is our duty, to give effect to the statute in all its parts, we think the proper construction of these provisions is that under paragraph 323 a duty is laid upon starch, including all preparations, from whatever substance produced, fit for use as starch; and assuming that tapioca flour is, within that general description, fit for such use, yet by virtue of paragraph 730 tapioca is placed on the free list, and the substance tapioca flour being tapioca in one of its forms, is excepted from the general language of paragraph 323 and is entitled to free entry.

It is so excepted, because, although assuming it to be fit for use as starch, it is nevertheless tapioca, and tapioca is, in so many words, put on the free list. Effect is thus given to the general language of the paragraph concerning starch and all preparations fit for use as such, excepting therefrom the one article specially named in paragraph 730, to which effect is given by allowing the exception.

This construction, in strict accordance with the rule that the designation of an article, *eo nomine*, either for duty or as exempt from duty, must prevail over words of a general description which might otherwise include the article specially designated. *Homer v. The Collector*, 1 Wall., 486; *Reiche v. Smythe*, 13 Wall., 162; *Movius v. Arthur*, 95 U. S., 144; *Arthur v. Lahey*, 96 U. S., 112; *Arthur v. Rheims*, 96 U. S., 143; *Chung Yune v. Kelly*, 14 Fed. Rep., 639, 643. The last case involves this particular substance.

It is urged, however, that the provision relating to the free list is that the articles named therein shall be exempt from duty "unless otherwise specially provided for in this act" (p. 602—free list), and that tapioca flour is otherwise specially provided for in the act by paragraph 323. We can not concur in this view. Tapioca flour is not otherwise specially provided for in paragraph 323. It is not mentioned specially, nor is it named at all in that paragraph, which uses only general language relating to starch and all preparations, from whatever substance produced, fit for use as starch. If tapioca flour be such a preparation, it would be included in that general description if not otherwise exempted. But there is no special provision for tapioca flour making that substance in terms dutiable under that paragraph, while in the free list there is a special designation of tapioca, and tapioca flour is tapioca, just as much as either of its other forms—"flake" or "pearl"—is tapioca.

It would seem that the language at the beginning of the provision for the free list, that the following articles shall be exempt from duty, "unless otherwise specially provided for in this act," strengthened the argument that tapioca flour be in fact tapioca in one of its well-known forms, was exempt from duty, because in order not to be exempt the article must be otherwise specially made dutiable. It is not so made dutiable, and is therefore by the clear provision of the act free of duty. Being in truth tapioca and commercially known as such, it does not come under the description of starch, although in great part composed of that substance. The commercial designation of an article is the first and most important thing to be ascertained, and governs in the construction of the tariff law when that article is mentioned unless there is something else in the law which restrains the operation of this rule. *Arthur v. Morrison*, 96 U. S., 108; *Arthur v. Lahey*, 96 U. S., 112; *Arthur v. Rheims*, Id. 143; *Robertson v. Salomon*, 130 U. S., 412; *Bogle v. Magone*, 152 U. S., 623.

The case is not within the principle decided in *Magone v. Heller*, 150 U. S., 70. There the contest was between a clause of the tariff act of 1883, providing for a duty upon sulphate of potash, *eo nomine*, and a clause exempting from duty "all substances expressly used for manure." It was held that a kind of sulphate of potash, the only common use of which, either by itself or in combination with other materials, was for manure or in the manufacture thereof, was entitled to free entry, and was not subjected to duty as sulphate of potash. Whether the imported article was at the time of importation "expressly used for manure" in the sense defined in the opinion was held to be a question of fact, and that the court below erred in denying the collector's request to submit the case to the jury, and in directing a verdict for the importer. The term "expressly used for manure," it was said, was equivalent to "used expressly" or "particularly" or

"especially" for manure, and if it were found as a fact that the article was so used, it was exempt from duty.

If the statute in this case had said that starch was dutiable, including all preparations from whatever substance produced expressly intended and fit for use as starch, then tapioca flour, if fit and intended for such use, might be dutiable under the paragraph in question and not be exempt as a form of tapioca. But when the language is "fit for use as starch," it is so much more general that it is properly qualified by the subsequent paragraph, which exempts tapioca, and consequently tapioca flour, one of its commercially known forms.

Thus far we have proceeded upon the assumption that tapioca flour was a preparation fit for use as starch, and therefore dutiable under paragraph 323, unless excepted therefrom by paragraph 730; but we are of opinion that tapioca flour is not a preparation fit for such use within the meaning of the statute. The substance in question is not commercially known as starch, nor as any preparation fit for use as such. In the markets of the United States it is commercially known as tapioca flour, while the term "tapioca" includes precisely the same substance. Its use as starch for laundry purposes is limited to the Chinese on the Pacific coast.

It is not imported into San Francisco by any other than Chinese, nor is it manufactured in this country into the article commonly known as starch, nor is it to any extent used as a substitute therefor, although it is chemically a starch, because a large part of it consists of a starch substance.

Upon the finding and the proofs in this case we are of opinion that this article does not come within paragraph 323. We think the language of that paragraph means any preparation which is so far fit for use as starch as to be commonly used or known as such or as a substitute therefor. This substance does not come within that language as thus construed. The use of the article by the Chinese on the Pacific coast for laundry purposes is so infinitesimally small that it wholly fails to show that it is fit for that use within the meaning of the statute. The evidence in this case is that the attempt to use it for laundry purposes by white laundrymen in California gave such poor results that it was abandoned as a failure.

There is one finding by the circuit judge in this case in which it is said that the substance is used in the Eastern States for starch purposes by calico printers and carpet manufacturers to thicken colors; also for bookbinding and in the manufacture of paper; also for filling in painting, and in the manufacture of a substitute for gum arabic and other gums, sometimes for sizing cotton goods, and also as an adulterant in the manufacture of candy in some cases, and in other articles. The expression in that finding, that the substance is used in the Eastern States for starch purposes is an inadvertence, because the finding, although it rests upon the evidence as well as upon the agreed statement of facts, stipulated between the parties, yet there is nothing in the evidence or in the stipulation to show that the enumerated purposes were starch purposes. In the stipulation it is said that the substance in controversy is used in the Eastern States by calico printers, etc. The expression "for starch purposes" does not appear in the agreed statement of facts, and in naming the uses for which the substances are used it would appear that

most of them are not what would be ordinarily understood as a starch purpose.

Sizing cotton goods might perhaps be regarded as somewhat of a starch purpose, as starch is sometimes used in that way. The evidence does not show that this use is general, and the expression fit for use as starch would not, in our judgment, include that use. We think it would not, in the ordinary acceptance of the term, be called a starch purpose. Glue would accomplish much the same purpose and might be used therefor. The use by calico printers and carpet manufacturers to thicken colors is not the ordinary use of starch, nor is it a starch purpose. Nor would its use as an adulterant in the manufacture of candy and other articles be properly described as such a purpose.

Assuming, as counsel for the Government claims, and as is undoubtedly entirely true, that the policy shown in the tariff act is protection to American industries, yet the article here in controversy does not and can not compete with American starch for any of the purposes for which starch is commonly and ordinarily used in this country. The evidence to that effect, we think, is conclusive.

In *Chung Yune v. Kelly* (14 Fed. Rep., 639) the circuit court for the district of Oregon submitted to the jury whether "the article in question," 9, which was in fact tapioca flour, though imported as sago flour, "imported and entered by the defendant, is a starch known to commerce as such and made and intended to be used primarily by laundrymen in the stiffening and polishing of clothes." The jury returned a negative answer, and the court said, "This answer is undoubtedly according to the law and the fact." The substance was held to be exempt from duty under the tariff act, Revised Statutes, page 488, as root flour, but the plaintiff was not allowed to recover back the duty which he had paid, because having claimed in his protest that the article was sago flour, the court felt compelled to confine him to his specific ground of protest, and consequently the Government kept his money, although the importer had, in fact, imported an article entitled to free entry under the law.

The case of *Townsend v. United States* (14 U. S. App., 413) holds that paragraph 323 of the tariff act of 1890 includes only those preparations which are actually and not theoretically fit for use as starch, and which can be practically used as such, and not those which can be made, by manufacture, fit for such use. Counsel for the Government criticises that case as not decided upon the same amount of evidence that has been given in this case upon the question whether the article is or is not fit for use as starch. But in the opinion delivered in the case it is seen that, while not precisely identical, the facts are substantially the same as in the case at bar. The court says the article is used mostly by calico printers and carpet manufacturers to thicken colors and in the manufacture of a substance for gum arabic or other gums; also for the sizing of cotton goods, a purpose for which starch is also used to a certain extent, but the weight of the testimony was, in the opinion of the court, that it was not used for laundry purposes. We think the same facts appear in the case before us, the use for laundry purposes by a few Chinese on the Pacific coast not being sufficient in extent to enable us to say that it is so used in any but the most minute quantities. It seems to us clear from the finding and from the evidence that the substance is not commercially

known by the people in this country as starch nor as adapted to the ordinary purposes of that article, and it has not been manufactured into commercial starch and is not known and is not fit for use as such.

The Treasury Department has heretofore announced decisions which are entitled to much weight upon the question herein presented. Prior to the tariff act of July 14, 1870 (c. 255, 16 Stat., 256, 268), both starch and tapioca had been made dutiable, sometimes at the same and sometimes at different rates of duty. By the latter act "tapioca, cassava, or cassady" were placed in the free list, while "root flour" was placed in the free list in 1872. (17 Stat., 236.) The Treasury Department held tapioca flour entitled to free entry as tapioca. The Secretary said, "It appears upon investigation that tapioca is prepared in three forms, namely, flake, pearl, and flour, and that these terms do not indicate any substantial difference in the character or quality of the article, but merely indicate its form or appearance." (Decisions, Treasury Department, 1887-1890, No. 3161, March 23, 1877.)

Under the act of 1883 (22 Stat., 488, 521) tapioca was continued in the free list, as was also root flour (p. 520), while starch was made dutiable as potato or corn starch at a certain rate, "other starch two and one-half cents per pound" (p. 503). The Treasury Department held, July 7, 1883, that tapioca flour was to be admitted free of duty, without regard to the use for which it was ultimately intended; and that the provision in that act for a duty upon "other starch" than potato or corn starch did not cover tapioca flour. (Decisions, Treasury Department, No. 5802.)

Subsequently to the time various importations had been made of this article, upon which duties had been assessed at the rate of $2\frac{1}{2}$ cents per pound, as starch, although imported under various names as "sago, sago crude, sago flour, tapioca," etc.

Exemption had been claimed for these articles as coming under the provisions of the free list as "root flour," sago crude, and "sago flour," and "tapioca, cassava, or cassady." The article had been classified by the collector under the tariff act as "other starch," for the reason that it was, as claimed, imported and was actually used as starch by the Chinese laundries throughout the States and Territories. The department, under date of January 11, 1887, again held that "flour made from tapioca, cassava, or cassady root may be admitted free of duties, without regard to the use for which it is ultimately intended." Samples of the flour had been submitted to the United States chemist, who reported that it was "chemically a starch, obtained from the root of *Janipha manihot* or *Jatropha manihot*," yet it was considered in its commercial character to be tapioca; it was so returned by the appraiser, and it was directed that the merchandise should be admitted free of duty. (Decisions, Treasury Department, 1887-1890, No. 7971, January 11, 1887.)

On September 21, 1888, certain so-called "flour" was imported which the importers claimed to be free of duty, and upon which the collector assessed a duty of $2\frac{1}{2}$ cents per pound under the provisions of the act already mentioned, providing for such a duty on "other starch," etc. Samples of the merchandise in question were submitted to the United States chemist at the port of New York, who found the article to be tapioca starch, and under the department's decisions of July 7, 1883, and January 11, 1887, it was held that flour made

from tapioca, although chemically a starch, was to be admitted free of duty under the provisions for tapioca, without regard to the use for which it was ultimately intended. The appeal was allowed, and the collector directed to reliquidate the entry and to take measures for refunding the duties exacted. (Treasury Department Decisions, *supra*, No. 9031.)

These decisions were principally based upon the provisions of the acts which related to tapioca (one decision being exclusively upon the tapioca provision), and although in some cases in which the question as to tapioca arose the act provided for the free entry of root flour, the decisions that tapioca flour was entitled to free entry were substantially founded upon the tapioca provision in the act, and not upon the root-flour item.

Subsequently, when Congress by the act of 1890 omitted root flour from the free list and imposed a duty upon starch and all preparations, from whatever substance produced, fit for use as starch, we do not think that any argument can be drawn therefrom in favor of the construction which would impose a duty on tapioca flour as a preparation fit for use as starch, while at the same time there is a clause in the act providing for free entry of tapioca the substance, tapioca flour being one of its forms. Many other flours might come under the denomination of root flour which were not specially declared in the act to be free from duty, and the dropping of the root flour from the free list might relegate such flour to the dutiable list. Not so as to tapioca flour, which is still found in the free list. The omission of root flour from the free list, therefore, had no effect upon tapioca flour, and if there had been an intention to include it in the dutiable list, especially after these repeated decisions of the Treasury that it was entitled to free admission as tapioca, we can not but believe that Congress would have expressed that intention with reasonable clearness.

The judgment of the circuit court of appeals of the ninth circuit should be reversed and that of the circuit court for the northern district of California affirmed, and the case remanded to that court with such directions, and it is so ordered.

STATEMENT OF E. E. GRIDLEY, REPRESENTING THE MINUTE TAPIOCA COMPANY, ORANGE, MASS., WHO ASKS THAT TAPIOCA FOOD PRODUCTS BE LEFT ON FREE LIST.

WEDNESDAY, *November 18, 1908.*

Mr. GRIDLEY. Mr. Chairman and members of the committee: My name is E. E. Gridley. I am with the Minute Tapioca Company, of Orange, Mass., manufacturers of a prepared tapioca ready for table use. I should like to speak just a moment on the question that the gentleman here at the left brought up early in the discussion on starch relative to whether the duty should be imposed on all forms of tapioca or on tapioca flour alone.

In the manufacture of our product we use only the flake form of tapioca—a form which in no way competes with the flour either of the tapioca or the sago—and we merely want to call your attention to that one distinction between that form of tapioca and the tapioca flour

which has been termed, in a general way, "tapioca" in part of the discussions here this afternoon.

The argument might be raised that the form of tapioca in which we get it is such that it might be converted into the flour, and thus indirectly be a competitor of the starch manufactured in this country. But the price of the form in which it is used by us in the manufacture of our product is such that it can not be ground to any advantage to produce the flour, for the reason that the flake form costs more and always comes at a higher price than the flour tapioca, and of course to this original cost would have to be added the cost of grinding. And in view of the fact that we are using that form here and have been using it now for a large number of years, manufacturing from it a food product which we advertise and lay great stress on on account of its cheapness and its adaptability to the medium classes or the poorer classes of people, we respectfully ask you to bear in mind the fact that this is not a competitor of the American-made starch. There is no starch of this form made in our country, and, in fact, so far as we have been able to learn, it can not be made. So there is no American industry which would be protected by imposing a duty on the flake form or the pearl form of tapioca.

We do not wish to discuss the matter of tariff on tapioca flour or sago flour. The imposition of a tariff on these products, which, so far as we know, can not be used for food purposes, would not affect us directly. However, we do most respectfully ask that the forms of tapioca used exclusively as food products and known as "flake tapioca" and "pearl tapioca" be left on the free list.

Our reasons for this request are as follows:

1. In the manufacture of our "minute tapioca" we use only flake tapioca. We can not use the flour or any other form.

2. The "flake" and "pearl" forms of tapioca, on account of climatic conditions, can not be produced in this country and must necessarily be imported.

3. Since these forms can not be manufactured in the United States, a tariff imposed on them would be for revenue only and would not protect any American industry.

4. For fifteen years we have been engaged in manufacturing from flake tapioca a food product which has been extensively advertised and is now being sold from coast to coast. By the expenditure of thousands of dollars for advertising and by giving the consumer a low-priced product of high quality we have established a good business. The consumption of our product is practically all at home. We have no export business.

5. If a tariff were imposed on our raw material; that is, on flake tapioca, it would make the price prohibitive. The only way in which we could continue our manufacture would be by advancing the price of our product to the jobber, the retailer, and the consumer. The consumer would therefore in reality pay this duty.

We therefore most respectfully ask that in case your committee deems it advisable to impose a duty on tapioca flour, you will name specifically in the free list flake tapioca and pearl tapioca, the forms of tapioca which can be used only as food products.

**STATEMENT OF W. R. RUSSELL, NEW YORK CITY, WHO WISHES
FOOD FORMS OF TAPIOCA TO REMAIN ON THE FREE LIST.**

WEDNESDAY, *November 18, 1908.*

Mr. RUSSELL. Mr. Chairman and gentlemen, what I had intended to say has been practically said by Mr. Gridley, so I will have nothing to say on that, but I would like to point out to the committee the fact that tapioca comes in three forms—flake tapioca, pearl tapioca, and tapioca flour. The flake and pearl are used for food purposes, and we claim that should come in free. As to sago flour, as compared with starch, one of the gentlemen was trying to find out a little while ago how much the consumption of starch was in this country, with more or less success. The exports of sago flour from Singapore to the United States for this year, up to the 1st of October, aggregate 9,802,700 pounds. I have here a statement giving the exports yearly, going back to 1902, for the use of the committee. That, we claim, can not come very much into competition with potato starch and corn-starch.

Mr. HILL. Where does the export reported by the United States Government come from, in view of the statement made by Mr. Walden?

Mr. RUSSELL. I do not know.

Mr. CLARK. Do you say that the total starch used in the United States is 100,000,000 tons?

Mr. RUSSELL. Yes; of all kinds.

Mr. CLARK. That is more than a ton to the inhabitant.

Mr. RANDELL. You did not say that was the amount exported, did you?

Mr. RUSSELL. No; that is of all kinds, in round numbers.

Mr. HILL. How much of that is exported, about?

Mr. RUSSELL. I do not know.

Mr. CLARK. He said 100,000,000 tons.

Mr. HILL. He meant pounds, I suppose.

Mr. RUSSELL. No.

Mr. CLARK. That is more than a ton and a quarter to the inhabitant.

Mr. RUSSELL. It is, of all kinds.

Mr. CLARK. I do not care what it is.

Mr. RUSSELL. This is a big country, you know, Mr. Clark.

(The statement of exports referred to by Mr. Russell is as follows:)

Exports from Singapore to the United States.

SAGO FLOUR.

	Piculs.	Pounds.
For the year 1907.....	88,080	11,744,000
1906.....	75,141	10,018,800
1905.....	47,373	6,316,400
1904.....	51,139	6,818,500
1903.....	61,523	8,203,100
1902.....	34,708	4,627,700
Up to October 1, 1908.....	73,520	9,802,700
1907.....	74,609	9,957,800

Exports from Singapore to the United States.

FLAKE TAPIOCA.

	Piculs.	Pounds.
For the year 1907.....	22,048	2,939,700
1906.....	12,562	1,674,900
1905.....	11,781	1,570,800
1904.....	18,381	2,450,800
1903.....	22,534	3,004,500
1902.....	23,162	3,088,300
Up to October 1, 1908.....	7,753	1,033,700
1907.....	19,783	2,637,700

Exports from Singapore to the United States.

PEARL TAPIOCA.

	Piculs.	Pounds.
For the year 1907.....	51,872	6,916,300
1906.....	67,428	8,990,400
1905.....	82,635	11,018,000
1904.....	86,376	11,516,800
1903.....	105,788	14,105,100
1902.....	141,762	18,901,600
Up to October 1, 1908.....	35,008	4,667,700
1907.....	38,175	5,090,000

**STATEMENT OF H. S. GRIGGS, NEW YORK CITY, WHO DESIRES A
REASONABLE DUTY PLACED ON SAGO FLOUR.**

WEDNESDAY, *November 18, 1908.*

Mr. GRIGGS. Mr. Chairman, I represent the American Canned Products Company, of New York. It is useless for me to take your valuable time in reiterating what Mr. Walden has said. I want to go on record as an independent producer of starch, representing one of the independent institutions, as saying that we desire a reasonable tariff placed upon this sago flour. It is not essential for me to go over the ground that has been so thoroughly exploited. If there is any question in relation to the production of this commodity, the export business or the domestic prices, that I am able to inform you about, or give you information upon, I will be very glad to give you that information.

Mr. FORDNEY. How much duty do you think ought to be put on sago flour?

Mr. GRIGGS. I think it ought to be covered by from three-quarters of a cent to 1 cent a pound.

Mr. CLARK. Is there any trouble in telling the difference between the different kinds of tapioca? Is it difficult for the revenue officers to distinguish between the kind that competes with starch and the kind that it is intended to eat?

Mr. GRIGGS. They can tell readily. They would never mistake sago flour for tapioca for edible purposes.

Mr. CLARK. And you do not care anything about whether there is a tariff on what they eat or not?

Mr. GRIGGS. No; I have no interest in that, sir.

Mr. CRUMPACKER. You are not asking for a tariff on tapioca?

Mr. GRIGGS. No, sir; sago flour is the only article in the way of starch that we come in competition with.

Mr. CRUMPACKER. That is what the poor man makes his pudding with?

Mr. GRIGGS. No, sir; the poor man makes his pudding out of tapioca—rice. I think it is fair to assume that we do not use to exceed 2 or 3 pounds of tapioca per capita in this country in that way.

Mr. HILL. Do you export any starch?

Mr. GRIGGS. No, sir; we have no stomach for the export trade in 1908.

Mr. HILL. Have you ever exported any?

Mr. GRIGGS. No, sir; we hope to. When we are able to export our goods and get the cost of the product back, we will do so. We have been unable to get into the English market without very serious loss confronting us this last year.

Mr. CLARK. That grows out of the extraordinary price of corn, I understand.

Mr. GRIGGS. With Argentine corn going into the mills of England at 10 and 15 cents a bushel under the price of domestic corn, we can not get into that market.

Mr. CLARK. The extraordinary price of corn grows out of the shortage of the corn crop, notwithstanding what the Agricultural Department says about the corn crop.

Mr. GRIGGS. The shortage of the corn crop over 1906?

Mr. CLARK. Yes; or any one of the last six or eight years.

Mr. GRIGGS. It was practically 100,000,000 bushels.

Mr. CLARK. Anybody who has been over the corn belt knows that it has been a great deal more than that.

Mr. GRIGGS. The government statistics are the only ones that we can accept as reliable and base our statements on.

Mr. CLARK. I understand that; but everybody who lives in the corn belt knows that the statistics are not correct.

Mr. CRUMPACKER. If we export enough sago flour, that will make the corn cheap, will it not?

Mr. GRIGGS. If we export enough sago flour, it will be reflected in the amount of corn we buy. We will buy less corn.

Mr. CRUMPACKER. The tendency will be to make corn cheap, will it not?

Mr. GRIGGS. Yes; in this way: Taking as a proposition our maximum grind of 15,000 bushels a day that we put in starch, if sago comes into the market we are unable to sell at a profit and meet the price of the sago flour, and we grind that much less domestic corn; and instead of buying 15,000 bushels a day to grind, we will buy 11,000 to 12,000 bushels a day and grind possibly 10,000.

Mr. CRUMPACKER. There is not enough coming into the market now to appreciably affect the price of corn, is there?

Mr. GRIGGS. Not as yet. During previous months we have been paying 82 and 83 cents for corn. That represents a cost to us for cornstarch at our factory very greatly in excess of the cost of sago flour, which is approximately \$1.75 to \$1.85.

Mr. CRUMPACKER. You are interested in cheap corn, of course?

Mr. GREGG. No, sir; I am not. I like to see high-priced corn.

Mr. CRUMPACKER. You can not export your product at 45 cents?

Mr. GRIGGS. I would rather sell it at home. The higher the price the farmer gets for his corn the more glucose he will use, and the more candy he will buy, and the more money he will have to devote to the purchase of my commodity. I would rather pay 80 cents a bushel for corn than to buy it for 40 cents a bushel.

The CHAIRMAN. Is there any other gentleman who desires to be heard on the question of starch, tapioca, or sago? If not, we will close on that, and I want to file a statement to go into the record with regard to the production of starch in the United States—the export, etc. The export is 51,000,000 pounds and the total production a little over 400,000,000 pounds, according to the census of 1905. They give it in dollars. It is not given in pounds, but it can easily be calculated.

(The statement referred to is as follows:)

The starch industry of the United States.

In 1905 there were 131 establishments in the United States engaged in the manufacture of starch, with an invested capital of \$7,007,695. The number of wage-earners and salaried employees was 2,051, who were paid \$1,132,874. The value of the output was \$8,082,904, a decrease of \$1,150,080 from the output of 1900, although there was an increase in the number of establishments, which numbered 80 in 1890 and 124 in 1900, the number in 1905 (131) being given above. In 1905 there were 11 idle establishments, with an invested capital of \$589,400.

The 131 establishments in active operation in 1905 were distributed as follows: Indiana 4, Iowa 3, Maine 65, Michigan 4, Minnesota 12, New York 15, Wisconsin 12, all other States 16, these last being located in California, Connecticut, Florida, Massachusetts, Missouri, Nebraska, Ohio, Pennsylvania, and Texas. Michigan, with its 4 factories, had the largest invested capital of any one State (\$1,282,126), while Indiana ranked second with an investment of \$1,186,868, and New York third with \$1,122,315. The capital invested in the 16 "all other State" factories was \$1,519,742.

Of the 131 establishments, 51 were operated by individual owners, 27 by firms, 48 by incorporated companies, and 5 miscellaneous, concerning which statistics are not available.

There were 35 establishments whose output was valued at less than \$5,000, 66 with an output of less than \$20,000, 19 with a product under \$100,000, 12 with an output valued at less than \$1,000,000, and 1 with a product valued at \$1,000,000 and over.

The kinds of starch manufactured, according to material used, are: Corn, potato, root, and wheat starch, the subsidiary products being bluing, cattle food, corn oil, gluten food (cattle food), paste, and size. Starch is also produced as a subsidiary product in the manufacture of baking and yeast powders, flavoring extracts, food preparations, and glucose, the production in connection with the last-named industry being very large.

The total importations of starch for the fiscal year ending with June 30, 1907, amounted to 6,423,831.66 pounds, valued at \$156,853. Of this 4,826,167 pounds was potato starch, valued at \$104,641.

Production of starch according to value of output, 1907.

Producing less than \$5,000.....	\$98, 984
Producing less than \$20,000.....	669, 260
Producing less than \$100,000	902, 237
	<hr/>
	1, 670, 481
	<hr/>
Total output, all factories.....	8, 082, 904
Output of factories producing less than \$100,000	1, 670, 481
	<hr/>
Product of factories producing more than \$100,000.....	6, 412, 423

VICTOR G. BLOEDE COMPANY, MANUFACTURING CHEMISTS, BALTIMORE, OPPOSE DUTY ON TAPIOCA AND SAGO FLOUR.

BALTIMORE, *November 18, 1908.*

HON. S. E. PAYNE, M. C.,
Washington, D. C.

DEAR SIR: We desire to enter our earnest and emphatic protest as large users of tapioca and sago flour against the imposition of any duty on either of these products, which, if done, would be wholly in the interest of the Standard Oil Company, who control the production of cornstarch in the United States, and have been endeavoring for several years past to secure a reversal of the Treasury Department's decision admitting both of these articles of crude material to the free list. Tapioca and sago flour are both products of the East Indies. The manufacture of sago flour has never been attempted in this country, nor is the crude material for producing same available. Tapioca flour has been made in a very limited way in Florida, but is an industry which will never prove profitable or be carried on upon a sufficiently extensive scale to supply a hundredth part of the requirements of the American consumers. The sole object and purpose therefore of the present movement to make sago and tapioca flour pay a duty seems to be to force American consumers to substitute cornstarch for sago and tapioca flour, thus enlarging the market for the former and compelling the American consumers to pay further tribute to this gigantic monopoly, and to use an article which is unfit as a substitute, or at least gives far inferior results. Our firm, as well as several others who are large users of tapioca and sago flour, will be glad to appear personally before your committee and prove the facts to be as stated, and we feel sure that if the true conditions are communicated to your committee they will not be a party to inflicting so great a wrong upon the American manufacturer as the assessment of a duty upon these valuable crude materials for the benefit of a monopoly which already possesses and exercises the power of compelling our citizens to pay exorbitant prices for cornstarch and raise and lower the price on same regardless of market conditions and cost of production.

Respectfully submitted.

VICTOR G. BLOEDE Co.
V. G. BLOEDE, *President.*

**HEYWOOD MANUFACTURING COMPANY, MINNEAPOLIS, MINN.,
ASKS THAT TAPIOCA REMAIN DUTY FREE.**

MINNEAPOLIS, MINN., *November 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Our attention has been called to the contemplated action of the Ways and Means Committee at Washington concerning the feasibility of imposing a tax of $1\frac{1}{2}$ to 2 cents per pound on tapioca flour imported into this country.

Tapioca flour has qualities which make it superior (for the manufacture of envelopes) to potato and cornstarch flours which are produced in this country, owing to their tendency to gather moisture and causing the sealing flap to stick down. Naturally the manufacturers of the latter products feel the effect of the importation of tapioca flour and are anxious that it should be taxed. Tapioca is not raised here, and we feel that it is not a competitive article, for we would have to use it even if the tax was imposed. We could not use the domestic products of potato and cornstarch, consequently it is a hardship on us envelope manufacturers to pay the advance that would be incurred if the above tariff was imposed.

Sincerely hoping there will be no action taken on this particular article of importation, we remain,

Yours, very truly,

HEYWOOD MANUFACTURING CO.
FRANK HEYWOOD, *President.*

**ARNOLD, HOFFMAN & CO., OF PROVIDENCE, ASK FREE TAPIOCA
AND SAGO IN BEHALF OF COTTON MILLS AND BLEACHERIES.**

PROVIDENCE, R. I., *November 19, 1908.*

HON. SERENO E. PAYNE,
*Chairman of Ways and Means Committee,
Washington, D. C.*

DEAR SIR: I desire to enter a protest against any duty being placed on tapioca flour or sago flour. The committee is doubtless aware that practically the whole production of cornstarch in the United States is controlled by one company, and that the price of this article is at almost the highest point it has ever reached and seems to stay at the same figure irrespective of the price of corn. The capitalization of this trust is so palpably out of proportion to the amount of money invested that comment on my part is unnecessary. The thousands of consumers of starch in the United States have no alternative but to buy cornstarch should a duty be placed upon tapioca or sago, both of which articles are crude and suffice for low-grade work. Should a duty, therefore, be placed on these commodities the consumer would be helpless and would be compelled to buy cornstarch as the only thing possible to be used.

There is already a duty of $1\frac{1}{2}$ cents per pound on potato starch, which protects a few manufacturers in Maine and in the West, although the duty, in my opinion, represents three times the labor cost in the production of this starch.

Our cotton mills, bleacheries, and print works are laboring under a great disadvantage in competing with England, for instance, for South American and African markets on their print and cotton goods, owing to the fact that the English manufacturer gets his anilines and dyestuffs free, or practically free, of duty, while in this country an average of approximately 30 per cent is imposed.

It is on this class of work that these cheap starches like sago and tapioca are used, and to further hamper him by placing a duty on these products would mean perhaps an added obstacle to overcome in the securing of this business.

It would seem, considering the thousands of miles that sago and tapioca have to be brought to this country, that the freight, leakage, insurance, and other charges would be adequate protection, and I am quite sure that the imposition of a duty on these two articles, which will make possible not only the present unnatural price of corn-starch, but possibly a higher one through eliminating all competition and forcing every consumer to buy that or nothing, would place at a far more serious disadvantage the cotton manufacturers and converters of this country for the benefit of one trust.

I sincerely hope that you will give this matter the most careful consideration, and consider well the thousands of consumers of these products who will be held up by the imposition of a duty for the benefit of practically one trust.

Yours, truly,

WM. H. HOFFMAN,
Treasurer.

Letters similar in purport to the above were received from the following: Lowell Bleachery, Lowell, Mass.; Liondale Bleach, Dye and Print Works, Rockaway, N. J.; L. Littlejohn & Co., 136 Front street, New York City.

THE MILLVILLE MANUFACTURING COMPANY, PHILADELPHIA, OBJECTS TO IMPOSITION OF DUTY ON SAGO FLOUR.

PHILADELPHIA, *November 21, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: From the daily press, we judge that your committee is considering recommending a duty on sago flour. As consumers, we desire to submit for your consideration such facts as we know from actual experience and which we feel should bear upon the question strongly.

We use about 75 tons of sago flour a year for mixing, with other starchy substances, to stiffen and fill low-grade dress linings. A certain proportion of it is necessary to obtain the mellow feel which our trade demands, and no mixture has ever produced satisfactory results which did not contain that proportion.

Chemically sago is impure starch. Physically it possesses properties which to a textile manufacturer doing our class of work, prevent its substitution for any starch, even with the inducement of the present large saving by such substitution (corn starch, the cheapest, being three-fourths cent per pound more than sago). On the other hand, owing to these same properties, it is impossible to substitute

starch for it, even with a greater inducement as you will note from the following:

Under the Dingley tariff a duty of $1\frac{1}{2}$ cents per pound was placed on this article (it was subsequently removed by the courts), but nevertheless we were compelled to use as much as previously, although if we could have substituted cornstarch therefor we would have saved more than the duty, cornstarch then being about $1\frac{1}{2}$ cents per pound, while sago (including duty) was often as high as $3\frac{1}{4}$ cents. Please note that despite the \$3,000 increase which this duty made annually in our operating expenses we were unable to obtain a higher price for our finishing, which on this class of goods is done with a very small margin of profit.

We submit the above to show that for our purposes (and we have reason to believe that most, if not all, other consumers are situated similarly) this article is not a substitute for any commodity which is or can be produced in the United States, and therefore, if a duty is placed on it, same will fall heavily on the small number of manufacturers who are compelled to use it.

For the above reasons we respectfully request that you recommend its retention on the free list.

Yours, respectfully,

THE MILLVILLE MANFG. CO.,
GEORGE WOOD, *President*.

GEORGE W. TOOMBS, STARCH MAKER, OF FRANKLIN, IND., OBJECTS TO THE PLACING OF A DUTY ON TAPIOCA FLOUR.

FRANKLIN, IND., *November 27, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Permit me to call the attention of your honorable committee to the following paragraph appearing in the leading daily papers, issue of November 19 of the present month:

Senator Hale, who, as a member of the Finance Committee of the Senate, will have to consider the proposed new tariff bill next March, asked that tapioca flour be specifically included in the paragraph of the tariff putting a duty on starch. Several importers urged that tapioca flour be kept upon the free list, where it was placed under a decision of the Supreme Court.

I assume, sir, that your honorable committee stands ready to hear and consider any valid reason why this duty on tapioca flour should not prevail, and aside from the decision said to have been rendered by the very able and honorable jurists composing the Supreme Court in favor of admitting tapioca flour duty free, as a practical starch maker and superintendent of starch mills, I desire to enter protest against the passage of any measure carrying with it a clause that will put tapioca flour upon the dutiable list without making some exceptions.

That it is a commodity of considerable value I admit; that it can and has been used as a substitute for potato starch in some of the leading textile mills in Eastern, Southern, and New England States I also admit. At the same time, permit me to state positively and from a practical viewpoint that tapioca flour is not starch in the sense that such products are to be taken when manufactured from

corn, wheat, or potatoes, it being in its constituent elements, without question, totally unlike in its nature the ordinary starch of commerce extracted from the cereals or roots as mentioned above.

Again, may I assure you that the tuber from which tapioca flour is produced is a tropical plant purely, and can not be produced profitably or safely outside of its natural zone, as has been fully attested time after time in the State of Florida, where capital in abundance, coupled with skill and brains, has always failed, and must ever fail to produce satisfactory results.

If I speak earnestly I speak authoritatively, as long observations of the tuber cassava, from which only the tapioca of commerce is manufactured, convinces the writer far beyond the question of a single doubt that tapioca flour can never be produced within the limits proper of the United States in quantities, or at a cost per ton justifying the attention of the manufacturer or capitalist, hence in your contemplated action you are proposing to bar out from our markets a useful product of commerce, and one that, I repeat, is not starch within the definition of the word as it applies to similar products from any raw material in use in our starch mills, and as a further convincing statement, Webster's definition of tapioca is "A farinaceous food prepared from cassava, a Brazilian plant."

Call, if you please, the beneficiaries of this movement and question them whether or not the tapioca of commerce can be manufactured out of any raw material they are now using, or have ever used. Again, the manufacturers of tapioca flour within its native zone must, in all instances coming under my observation, produce their own raw material, hence it becomes plain to the observing mind that the output coming into the United States must be small and ever limited, in comparison to the enormous quantity of starch consumed, and if tapioca flour be admitted free; as a controlling or disturbing factor it can not be in justice considered.

Sir, if the benign influence of our protective policy is to be extended for the benefit simply of a single group of American citizens doing business at home, why not in all candor and fairness consider a similar group of American citizens manufacturing tapioca flour within its true zone; and in looking upon the question in the broad sense of equal justice to all citizens of this great republic, wherever they may be found, I respectfully appeal to your honorable committee and to Congress assembled for an act of justice, and when in the wisdom of our national lawmakers the subject of a duty on tapioca flour is finally disposed of, if made dutiable, I trust a clause will prevail giving the manufacturers of tapioca flour upon the island of Cuba the special right to enter the markets of the United States with this particular commodity duty free.

Very truly, yours,

GEORGE W. TOOMBS.

**THE NATIONAL GUM AND MICA CO., NEW YORK CITY, PROTESTS
AGAINST PUTTING A DUTY ON SAGO AND TAPIOCA.**

502 TO 510 WEST FORTY-FIFTH STREET,
New York, November 30, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives,
Washington, D. C.

GENTLEMEN: We desire to protest most earnestly against putting sago and tapioca upon the dutiable list.

We have built up a large business, running into the thousands of tons annually, based upon the use of sago and tapioca as duty-free raw materials, and we can state as a fact that they can not be replaced, except in minor instances, by cornstarch, potato starch, or, in fact, by any materials produced in this country.

Everyone knows that it is impossible to make rye bread from wheat flour or corn bread from barley flour or buckwheat cakes from potatoes. In like manner, many of our products can not be made without sago and tapioca—there is no substitute.

Although all starches and starchy products are to some degree similar, they are by no means chemically or physically identical. In their practical working properties sago and tapioca and corn and potato starches are entirely different.

A few years ago, before the formation of the Corn Products Company, corn starch was very much cheaper than either sago or tapioca, but even at the low price we could not use cornstarch instead of sago and tapioca, much as it would have been to our advantage to do so.

According to reports, Senator Hale, of Maine, appeared before your committee to advocate a duty on tapioca as an additional protection to the makers of potato starch in his State. These manufacturers have for a generation enjoyed a protective duty which at times amounted to almost 100 per cent, with the result that they have sunk into a state of lethargy, and the product they produce is much inferior to that made in Germany. We import thousands of bags of German potato dextrine because the American potato starch is of such quality that nothing as good can be produced here. The potato-starch manufacturers have had too much protection already, and their demand for additional protection leads one to believe that they simply desire to be in a position to demand a higher price for their product.

But even if you should want to accord still further protection to the potato-starch makers, Senator Hale's request that tapioca be made dutiable is beside the mark, for it is based upon the erroneous notion that potato starch can replace tapioca.

As to cornstarch and its products, these also have their own peculiar properties. We use cornstarch largely and can not replace it with sago or tapioca, even although the latter are cheaper at the present time than cornstarch. For certain uses cornstarch to-day commands a higher price in the English market than potato starch, and the Corn Products Refining Company are largely exporting it, according to their own statement, at 2.25 when potato starch can be bought for 2.20 c. i. f. New York. Why should the Corn Products Refining Company demand a duty upon sago and tapioca unless it be with the hope that the manufacturers using these materials would be forced to use cornstarch, the price of which this huge corporation controls?

In evidence submitted before your committee, the Corn Products Refining Company stated that they ground daily 75 per cent of the corn used in their line—that is, for the production of starch and glucose. Inasmuch as some of the independent factories produce no starch, it is evident that this percentage is misleading, and that the Corn Products Refining Company produces or controls more than 75 per cent of the starch manufactured. In any event, they fix the price, which, notwithstanding the high price of corn, is unreasonably high, because the chemical and mechanical improvements of recent years have resulted in a large reduction in the cost of production.

Furthermore, the amount of labor entering into the cost of their product is relatively small, as anyone who has been through a modern glucose and cornstarch factory can recognize, for machinery is the important factor. It is the hugely capitalized corporation that asks protection, not American labor.

In conclusion we again implore you not to cut off our supply of duty-free raw materials, with the aid of which we have established an extensive manufacturing business. Put sago and tapioca definitely on the free list.

Yours, very truly,

NATIONAL GUM AND MICA Co.,
JEROME ALEXANDER, *Treasurer.*

HEALEY, SEAVER COMPANY, BOSTON, MASS., CLAIMS THAT TAPIOCA FLOUR IS NOT TAKING PLACE OF POTATO STARCH.

SOUTH BOSTON, MASS., *December 2, 1908.*

Hon. S. E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

MY DEAR SIR: As manufacturers of dextrin and large consumers of tapioca flour, we wish to enter our protest against taking tapioca flour or cassava flour from the free list and assessing a duty on the same, and we also wish to protest the claim of potato-starch dealers and manufacturers in this country that tapioca flour is taking the place of this article.

Below we extend to you our reasons for this protest and give to you the relative value of the use of potato and tapioca with the consumers of dextrin.

DEXTRIN.

For your guidance we beg to say that dextrin is roasted or calcined flour or starch, after the same has been treated chemically.

ENVELOPES.

Some time ago—about the year 1893—the envelope manufacturers in this country adopted the use of tapioca dextrin made from tapioca flour, which dextrin was imported from England and Scotland. Before this time they were using gum arabic for their work. Tapioca dextrin gave to them the desired results. A number of manufacturers at this time tried the use of potato dextrin made from

potato starch, as the price of potato dextrin at that time was about $5\frac{1}{2}$ cents per pound and the market price for tapioca dextrin then was 8 cents per pound, and the envelope manufacturers thought that potato dextrin would answer their purpose in place of tapioca dextrin and would result in a considerable saving to them, but they obtained very unsatisfactory results, as potato dextrin is very susceptible to climatic changes, for after it is applied to the envelope it gathers moisture very rapidly in damp and hot climates and causes the seal flap of the envelope to stick down to the body of the same. This is a serious injury to envelope manufacturers, as then the envelopes are practically worthless; so you can readily see that the claim of the potato-starch makers that tapioca flour is taking their trade away for dextrin purposes is erroneous, as it was not a question of price with this branch of trade (envelope makers), as they were paying $2\frac{1}{2}$ cents per pound more for dextrin made from tapioca flour, as the potato dextrin made from potato starch would not give them the desired results.

UNITED STATES POSTAGE STAMPS AND GUM PAPER.

The same general reason as applied to the envelope manufacturers exists with this branch of business.

Tapioca dextrin is now made in this country, and a number of factories have been established here.

SIZING.

In regard to tapioca flour taking the place of potato starch for sizing purposes, we beg to say that tapioca flour will not do the same work as potato starch. Potato starch is used where a penetrating size is required, and where a consumer requires a certain size that will size their goods and still leave these goods in the same degree of thickness as they were before sizing. This is owing to the penetrating powers of the potato starch which goes into the fiber. Now, if tapioca flour is used for sizing for the same purpose a decided thickness of the fiber is produced, owing to the tapioca-sizing qualities not penetrating like the potato starch. A large quantity of potato starch is made into soluble starch or modified starch, which is used by manufacturers of very fine lawns. They use soluble potato starch to give to the lawns a sizing and finishing effect, and owing to the potato starch's penetrating powers it leaves the fine mesh that exists in lawns very clear. Soluble tapioca flour has been tried repeatedly by users to take the place of soluble potato starch for this work, but without success, owing to its thickening and covering qualities, and where soluble tapioca flour is used it covers or fills in the fine mesh of the lawns, which is not what the manufacturers of this grade of goods want. In fact, in all classes of goods to be sized a tapioca flour will not take the place of potato starch, owing to the conditions as explained above.

Potato starch, as you are aware, is made in large quantities in Maine, but the sale of this article is in very few dealers' hands. One dealer in Boston, we understand, sells over 90 per cent of the output of the Maine makers, and it is almost impossible for other dealers in

potato starch to obtain supplies from makers in Maine owing to the financial arrangements this concern has with the Maine manufacturers.

We have tried to give you a fair digest of relative value of tapioca flour and potato starch, and know that an injustice will be done us, as well as the users of tapioca dextrin and tapioca flour, if a duty is assessed on this article. Furthermore, it will prohibit the manufacture of tapioca dextrin in this country, as it will give the English and Scotch manufacturers a decided advantage. Even if we were successful in competing with the English and Scotch makers it would add just so much more (providing a duty was assessed) to the cost of the dextrin to envelope, stamp, and gummed paper makers, and would be a decided hardship to them.

Very respectfully, yours,

HEALEY, SEAVER COMPANY,
JOSEPH J. HEALEY, *President*.

Letters similar in purport to the above were received from the following: Transo Paper Company, 148 East Division street, Chicago, Ill.; Illinois Envelope Company, Kalamazoo, Mich.; West Envelope Company, 91 Orange street, Brooklyn, N. Y.; Hesse Envelope Company, 501 North First street, St. Louis, Mo.; Sewell-Clapp Manufacturing Company, 52 South Desplaines street, Chicago, Ill.; Sherman Envelope Company, Worcester, Mass.; New England Envelope Company, Worcester, Mass.; Chicago Envelope Company, Market and Washington streets, Chicago, Ill.; Buffalo Envelope Company, Buffalo, N. Y.; Columbia Envelope Company, 14 Michigan street, Chicago, Ill.; The American Paper Goods Company, Kensington, Conn.; Union Envelope Company, Richmond, Va.; Centralia Envelope Company, Centralia, Ill.; Powers Paper Company, Holyoke, Mass.; Samuel Cupples Envelope Company, St. Louis, Mo.; United States Paper Goods Company, 221 West Pearl street, Cincinnati, Ohio; the Arabol Manufacturing Company, 100 Williams street, New York City; National Gum and Mica Company, 502 West Forty-fifth street, New York City.

**STEIN, HIRSH & CO., NEW YORK CITY, AND CHICAGO, ILL., ASK
RETENTION OF TAPIOCA FLOUR ON FREE LIST.**

NEW YORK CITY, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg leave to submit for your consideration the question of allowing the article "tapioca flour" to remain on the free list. This article is a product made from roots that are grown chiefly on the Island of Java and the Malay Peninsula. It is only during the past five years that it has become an article of importance in the United States. Prior to this time there was great difficulty in making a satisfactory gum for envelopes and postage stamps which would give the proper adhesive qualities. It has been discovered that tapioca flour alone could remove all the objectionable qualities that presented themselves in other raw products which were used for

an envelope or postal gum. Not alone was the question of adhesive qualities solved by the use of tapioca flour, but inasmuch as envelopes and postage stamps are almost universally moistened by placing them upon the tongue it was essential that the material used for moistening the adhesiveness be entirely free from any injurious properties. And as a result gum made from tapioca flour has been produced without the use of acids, alkalies, or other chemicals injurious to health or unpleasant to taste.

During the year 1907 there was imported into the United States about 9,000 tons of tapioca flour. Of this quantity over 5,000 tons were used in the manufacture of envelope or postal gum. Of the remainder over 75 per cent was used in the manufacture of food products, and only a small portion was used as a sizing. In the case of the latter it was discovered that tapioca flour alone could produce a certain size or finish that no other product would give, and therefore some of our cotton mills and finishers have found it necessary to use it in order to produce certain finishes which alone can be obtained from tapioca flour.

Tapioca flour does not compete with any domestic product. There is none raised in the United States, therefore there is no occasion to place a duty upon it.

At your recent hearing on November 18 statements made by the honorable Senator from Maine in regard to tapioca flour being used instead of starch were entirely refuted, we believe, by the arguments of F. T. Walsh, esq., Leo Stein, esq., and others at said hearing.

The price of tapioca flour has remained about 2½ cents per pound during many years, while the price of American potato starch has advanced during the past two months from 3¾ to 5 cents per pound, where it is to-day.

Starch imported from Germany and Holland duty paid is selling at about 4 cents per pound and is now being imported in large quantities to replace potato starch. It is clear, therefore, that tapioca flour does not compete with potato starch.

The capital invested in the manufacture of envelope gum and dextrin in the United States is at least double the amount of capital invested in the manufacture of potato starch. If a duty is placed on tapioca flour it will mean the abandonment of factories in which is invested nearly \$1,000,000, as there is no substitute for this particular article.

The only opposition which has appeared against the retention of tapioca flour on the free list was made by one firm who to a large extent sell the output of the potato-starch industry in the State of Maine. We occupy a similar position in regard to the large amount of potato starch that is made in the Northwest. And, while we realize that the starch industry must be protected, we see no connection between it and tapioca flour, and our intimate knowledge through selling both of these products places us in a position competent to judge. There is no argument which has been advanced by the firm referred to that can hold against the question at issue. We beg leave to call your attention especially to the inconsistencies in their statements as presented through Senator Hale. At the very moment when it is claimed that tapioca flour is interfering with the price of potato starch, this very firm is importing Holland or German starch at almost 1½ cents per pound higher than tapioca flour. If tapioca

flour can be substituted for potato starch, what reason would there be for an importation of Holland starch at such a tremendous difference in price?

The price of Maine starch, as above stated, is now 5 cents per pound. This is the highest price that Maine potato starch has sold at in many years. The price of tapioca flour has not changed. As a matter of fact, there is no connection between the two products, for if tapioca flour could be substituted for potato starch we should have a price on tapioca flour close to the price of potato starch.

Tapioca flour is becoming an important food product in this country. It not only conforms to the federal food laws, but also to the pure-food laws of every State in the Union. It is essentially a cheap product and does not compete with any article grown here.

Taking this with the fact that it does not compete with any American industry, we respectfully request that the article be left on the free list and no duty be imposed.

Respectfully submitted.

STEIN, HIRSCH & Co.,
358 Washington street, New York City.

F. T. WALSH, OF THOMAS LEYLAND & CO., BOSTON, SUBMITS SUPPLEMENTAL BRIEF RELATIVE TO TAPIOCA FLOUR AND ITS USES IN THE INDUSTRIES.

READVILLE, MASS., *December 4, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN:

I. Tapioca is only slightly, if at all, competitive with American or any other starches.

(a) The Supreme Court of the United States substantially adopted this conclusion.

See *Chew Hing Lung v. Wise*, 176 U. S., at pp. 158-162.

(b) The American cornstarch manufacturers say they are not interested in having a duty put on tapioca.

See testimony of E. B. Walden, representing Corn Products Refining Company, the largest starch manufacturers in America, before the Committee on Ways and Means of the House of Representatives November 18, 1908.

(c) Experts before the Committee on Ways and Means showed this.

See testimony of Leo Stein and F. T. Walsh before the Committee on Ways and Means, House of Representatives, November 18, 1908.

II. Tapioca is very generally used for food purposes.

If this can not be said to be a matter of common knowledge, it was shown by the testimony of E. E. Gridley and of Joseph Morningstar before the Committee on Ways and Means, House of Representatives, November 18, 1908. Mr. Morningstar, a large importer of tapioca flour, testified that 75 per cent of all tapioca flour imported by him was for food purposes.

III. Potato-starch makers of Maine alone asked at the hearings before the Committee on Ways and Means that tapioca flour be subjected to duty.

See testimony and argument of Senator Hale before Ways and Means Committee of the House of Representatives, November 18, 1908.

IV. Any decline in the Maine starch industry, if there has been a decline, has been primarily because it has been more profitable for Maine farmers to sell potatoes direct to the market than to make them into starch.

See article on potato starch by Dr. H. W. Wiley in Bulletin No. 58, United States Department of Agriculture, Division of Chemistry, published in 1900, in which Doctor Wiley shows when potatoes go above 50 cents per barrel it is more profitable for farmers to sell direct to the potato market than to make them into starch.

See also testimony of F. T. Walsh, quoting letter from a Maine starch manufacturer to that effect.

V. The Maine potato and starch industries, described by Senator Hale as inseparable (see testimony before Committee on Ways and Means, November 18, 1908), do not appear to have been unfavorably affected by free tapioca.

(a) Maine has at least doubled its potato business since the time when tapioca began coming in free, in 1900.

See annual reports of commissioner of agriculture of the State of Maine.

(b) Five years after the decision letting tapioca in free the Maine starch factories had increased their output of potato starch, though the general production of all starches in the whole country had decreased.

See special reports of the Census Office, 1905—Manufactures, part 3, Selected Industries, Table 6, at page 386.

(c) Property valuations of Aroostook County (the seat of the starch industry) appear to have increased steadily since tapioca was declared free.

See annual reports of the state assessors for the State of Maine.

VI. Foreign potato starch, western potato starch, and American cornstarch, and not tapioca flour, have been the competitors of Maine potato starch.

See testimony of Leo Stein before the Committee on Ways and Means, November 18, 1908.

See also article by Robert H. Merriam on "Starch," special reports of the Census Office, 1905—Manufactures, part 3, Selected Industries, page 386.

Compare also relative costs of making potato starch and cornstarch in the United States, as shown by testimony given before the Committee on Ways and Means November 18, 1908.

VII. Temporarily abandoning an unprofitable export trade has been a cause of the decrease in the production of all kinds of American starch since 1900.

See article by Robert H. Merriam, above referred to, at page 383.

See also testimony of E. B. Walden, above referred to.

See also figures showing exports of starch, in Table 7, in special reports of Census Office for 1905, above referred to.

VIII. Though the production had decreased in 1905 from that of 1900, the profits of the domestic starch industry on the amount of capital invested were 50 per cent higher in the latter year than in the earlier.

This appears from examination of figures in Table 1 of article by Robert H. Merriam, above referred to.

IX. With free tapioca flour an important American industry has grown up—the manufacture of envelope gums and gum substitutes. This will be wiped out if tapioca is subjected to duty, unless the duty on British gums and gum substitutes is increased.

See testimony of Leo Stein and F. T. Walsh before the Committee on Ways and Means, November 18, 1908.

The prices of either foreign or domestic potato starch at the present and in normal times are too high to make them available as raw material for the American manufacturer wishing to compete with the imported envelope gums, British gums, and gum substitutes. In consequence, with the present $1\frac{1}{2}$ cents duty continued on all foreign starches and extended to tapioca, and with no more than the present 2 cents per pound duty on British gums and gum substitutes, no possible raw material, either foreign or domestic, would be available to the American manufacturer of envelope gums and gum substitutes to enable him to compete with the foreign manufacturers of high-grade British gums and gum substitutes.

CONCLUSION.

Taxing tapioca flour would have no other result than to raise the price of a well-known food article, raise the price of gums and gum substitutes by eliminating the American competition with foreign products, would put American manufacturers of high-grade gums and gum substitutes out of business, and it is at least doubtful if the domestic starch business would feel the slightest benefit.

ARGUMENT.

Tapioca in all forms should remain as at present on the free list. Being on the free list it would seem that the burden is on those asking that a duty be imposed upon it to prove the economic wisdom of imposing it. What are the arguments in favor of subjecting tapioca to a duty, and by whom are they presented? Mr. E. B. Walden, of the Corn Products Refining Company, has stated in the hearings before this committee that his company, which is by far the largest manufacturer of starch in America, does not ask that tapioca be subjected to a duty, and is not interested in the question as to whether or not a duty be imposed upon it. The only request for a duty on tapioca has been made through Senator Hale, of Maine, representing certain potato starch manufacturers in Aroostook County, Me. Do the arguments presented by Senator Hale fairly sustain the burden of proving that tapioca should be subjected to duty? With reference to the size of the industry, Senator Hale has stated before the committee that the "little" county of Aroostook has grown from 10,000 or 15,000 to 60,000, and that it is dependent upon "this industry, potatoes and starch, and its great industries are these two inseparably connected. You may call it a narrow and small industry, but it is a very vital industry to 60,000 people in Aroostook County. I am inclined to believe that if you do not change this and do not put tapioca with the other starch products, as it ought to

be, in the end the importation will practically drive these factories out. All of those processes of destruction are gradual."

There is an implication, also, in Senator Hale's statement to the committee, although the allegation is not direct, that all the importations of tapioca flour, which in a single year amounted to "43,647,731 pounds," have been directly competitive with domestic starches. With what starch business has any such amount of tapioca competed? Mr. Walden has said that it does not compete with cornstarch. As a matter of fact, the lowest price, including freight, at which it is possible to lay down duty free tapioca flour of a good grade in this country is not below the price at which the cornstarch people are glad to sell their product here, and is considerably higher than the price at which they have apparently recently been selling it in free-trade countries. Has this 43,000,000 pounds of tapioca flour, then, taken the place of any domestic potato starch? It was not until the year 1900 that the Supreme Court of the United States, in the case of *Chew Hing Lung v. Wise*, decided that tapioca flour under the tariff act of 1897 was free of duty. In the year 1900, according to the special report of the United States Census Office, the total production of potato starch in the whole United States was 33,941,826 pounds, valued at \$1,129,129. In the year 1905, according to the same reports, the production fell to 27,709,400 pounds, with a value of \$924,476. Assuming, then, that 6,000,000 of the 43,000,000 pounds of free tapioca flour imported did take the place of domestic potato starch, there were still some 37,000,000 pounds of tapioca flour used for other purposes entirely.

But is it true that this falling off in production of potato starch was due to the importation of tapioca flour? Robert H. Merriam, in an article on starch in special reports of the Census Office, 1905, Manufactures, part 3, Selected Industries, page 383, says: "This general decline is due largely to a falling off in the export trade in American starch, as shown by Table 7." At page 386 he says: "This decrease since 1900 in the quantity of starch exported has been occasioned by the large increase in the manufacture of potato starch in Europe and particularly in Germany and Russia, and a consequent decrease in foreign demand." Table 6, on page 386 of the same report, shows that in Maine, New Jersey, and New York there was an increase in the amount of potato starch made in 1905 over the amount made in 1900, although there is a decrease for the whole country of about 20 per cent. According to the Government's reports, therefore, five years after tapioca flour began to come in free we find the State of Maine making more potato starch than was being made when the duty was imposed on tapioca flour.

Senator Hale has said that the potato industry and the potato-starch industry in Aroostook County are inseparably connected. The potato-starch industry in Maine is undoubtedly dependent on the potato industry, but the converse is not true, and it is not true that the two are inseparably connected. The reason why the starch end of the Aroostook County business may not have been relatively as profitable since 1900 as it was before is found in the fact that the potato end of the business has been much more profitable. With reference to the effect of the price of potatoes upon starch making, Dr. H. W. Wiley, in Bulletin No. 58 of the United States Department of

Agriculture, Division of Chemistry, published in 1900, in an article on the manufacture of starch from potatoes and cassava, says, page 11:

The barrel holds $2\frac{1}{2}$ bushels, and the bushel weighs 60 pounds. Unless the price of marketable potatoes be very low, only the small, injured, or refuse potatoes can be sold to the starch factories. Whenever the price of good merchantable potatoes is above 50 cents per barrel, the farmer finds it more profitable to sell directly to the market. During the time of this investigation good marketable potatoes were selling for \$1 a barrel, and the starch factories were paying from 30 cents to 60 cents per barrel for the refuse.

The investigation referred to by Doctor Wiley in his article was in the year 1899—the year before the decision which declared conclusively tapioca flour free of duty. At that time, according to the report, potatoes were selling for \$1 a barrel. A barrel contains about $2\frac{1}{2}$ bushels. According to the Twelfth Census of the United States, volume 6, Statistics of Agriculture, part 2, table 20, page 354, in 1899 the entire State of Maine had a potato production amounting to 9,813,748 bushels. The price of potatoes even for that year and at a time when tapioca flour was being subjected to the starch duty, was, according to Doctor Wiley, rather too high to make it of advantage to sell potatoes to the starch factories rather than sell them direct to the consumer.

What, then, are the facts as to the history of this potato industry in Aroostook County after the decision of the Supreme Court which let tapioca flour in free?

We have not before us the figures of every year, but in the annual report of the commissioner of agriculture of the State of Maine for the year 1904 we find the following:

More than 17,000,000 bushels of potatoes were raised in that year (1903), the crop being exceeded by that of only three States in the Union. The crop of 1904 was still larger, reaching nearly 20,000,000 bushels.

In the same report for the year 1904, in an article on "The Outlook of the Maine Farmer," we are told that those who are raising potatoes in Aroostook County are "clearing from \$3,000 to \$5,000 per year." In the five years from 1899 to 1904, therefore, after the decision of the Supreme Court which Senator Hale would have us believe is threatening the Maine potato industry with ruin, the potato production in Maine rose from not quite 10,000,000 bushels in 1899 to 20,000,000 bushels in 1904. Since 1904 there is no indication that Aroostook County is in a very rapid decline, nor that even the "gradual" processes of destruction are working. According to the state assessor's reports of the State of Maine, the assessed valuation of property in Aroostook County in 1904 was \$15,000,000; in 1905, \$16,000,000; in 1906, over \$17,000,000, and in 1907, nearly \$19,000,000. We have not the figures as to prices received for potatoes in every year since 1900, but the present (November, 1908) price on Maine potatoes in carload lots delivered in two-bushel bags at Boston is 80 cents to 85 cents per bushel. English, Irish, and Welsh potatoes are quoted at the present time (November, 1908), landed in Boston freight and duty paid, at \$2 to \$2.12 per sack of 165 pounds; German potatoes, \$2.12 $\frac{1}{2}$ on the same amount. At \$2.12 this would represent a price, without duty, of about 52 cents per bushel, assuming the price of \$2.12 $\frac{1}{2}$ landed duty paid on a weight of 165 pounds. It is apparent, therefore, that the present price of potatoes has in this country soared far above the limit fixed by Doctor Wiley as that

at which it is profitable to make the potatoes into starch, and that after making allowance for freight the foreign price (without duty) of 52 cents per bushel exceeds the limit fixed by Doctor Wiley. Under these circumstances it can certainly be said to be a very questionable economy as to whether or not it is advisable to attempt to frame a tariff for the purpose of encouraging Aroostook farmers to make potato starch during periods when, according to the Government's reports referred to, it can only be made at such a great economic loss.

It would seem that the potato-starch industry in Maine, which, after all, is an industry which is active only two months in the year, and is an adjunct merely to the potato industry, has declined, if indeed it has declined, since 1900, because the potato business has been unusually prosperous.

In view of the fact that the cornstarch people have disclaimed any desire to have tapioca flour taxed, it is perhaps superfluous to comment on the condition of the starch business of the country as a whole. It is interesting to notice, however, that in Table 1 of the article by Robert H. Merriam, referred to above, at page 383, is detailed information furnishing a basis for computing the relative profits obtained from the industries in the years 1900 and 1905. In 1900 the number of establishments was 124, the capital invested \$11,671,567. The cost of getting out the product for that year was made up as follows:

Salaries.....	\$451,439
Wages.....	1,099,496
Miscellaneous expenses.....	700,277
Cost of materials.....	5,806,422
Total cost of production.....	8,057,734

The value of the above product was \$9,232,984. Leaving out therefore the cost of marketing this product, which does not appear to be included in the expenses above given, although some portion of it undoubtedly is included in salaries and miscellaneous expenses, the output showed a manufacturing profit of \$1,175,250, or slightly over 10 per cent on the amount of capital invested for that year (1900). For the year 1905 the number of establishments was 131, the capital invested \$7,700,695. The cost of production was as follows:

Salaries.....	\$266,395
Wages.....	866,479
Miscellaneous expenses.....	572,313
Cost of materials.....	5,260,854
Total cost of production.....	6,966,041

The value of this product was \$8,820,904, leaving a manufacturing profit of \$1,116,863, or a per cent of profit on the capital invested for that year (\$7,700,695) of nearly 16 per cent. It appears, therefore, that although the aggregate value of the product of 1900 was over \$1,000,000 in excess of the aggregate value of the product in 1905, starch makers in the latter year actually received nearly 50 per cent greater returns on the capital invested in the industry than they did in the earlier year. Some light on the reason for this is thrown by the figures contained in Table 7, above referred to, showing the exports of starch from 1900 to 1905. These figures are as follows:

Year.	Pounds.	Values.
1900	124,935,963	\$2,604,362
1901	102,800,225	2,005,865
1902	28,183,967	656,705
1903	27,759,509	832,943
1904	57,185,739	1,340,282
1905	61,450,444	1,450,572

The above figures from 1900 are completed by the Report on Commerce and Navigation for 1907, page 758, Table 6, "Exports of domestic merchandise, starches."

Year.	Pounds.	Values.
1906	66,574,881	\$1,490,797
1907	51,834,580	1,126,465

It will thus be seen that the falling off in exports in the period between 1900 and 1905 is very nearly equal to the decrease in production, but that in the same period the per cent of profit on the capital invested increased. Capital and labor found it more profitable to sell potatoes in the market than to export starch to Europe.

The use of tapioca flour for laundry purposes is so uncommon as to be practically negligible. Note the language of the United States Supreme Court in the conclusion drawn from the evidence in the case of *Chew Hing Lung v. Wise* (176 U. S., pp. 158-162). The use of tapioca by cotton and finishing mills of the country in sizing cotton goods and thickening colors is only very slightly competitive with potato starch, if indeed it can be said to be seriously regarded as a competitor. In the last six or eight years, however, in addition to the increased consumption of tapioca for food purposes, there has grown up the important business of manufacturing high-grade gums and gum substitutes in this country from this duty-free tapioca.

In the event of a duty being placed upon tapioca, in addition to the householder paying an increased price for food tapioca, the consumers of envelope gum and gum substitutes would pay necessarily a higher price for gums, and, incidentally, unless the duty on British gums and gum substitutes be increased proportionately, domestic manufacturers of those articles would be driven out of business.

Respectfully submitted.

F. T. WALSH,
For THOS. LEYLAND & Co.,
Boston, Mass.

**T. H. PHAIR, PRESQUE ISLE, ME., ASKS FOR RETENTION OF THE
PRESENT PROTECTIVE DUTY ON POTATO STARCH.**

PRESQUE ISLE, ME., *December 4, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In regard to the duty on potato starch, we are aware that it is a wrong time to ask for any increase, but we must retain what we now have ($1\frac{1}{2}$ cents per pound). The people of Aroostook County have built up a large industry in potatoes and potato starch, and there are some 75 factories scattered through the county. The best potatoes are generally sold for the market, and the smaller and very large ones are hauled to the starch factories at an average price of 15 to 20 cents per bushel. The price of domestic potato starch for the past ten years has been from $3\frac{1}{4}$ to 4 cents per pound. The foreign potato starch can be laid down here to-day at \$2.20 per 100 pounds. This starch is made in Holland and Germany, where the men employed are paid from 2 to 4 marks per day and the potatoes are bought from 8 to 10 cents per bushel. Where would our Maine starch makers stand with such competition as this unless we can retain the present duty of $1\frac{1}{2}$ cents per pound? We ask for no increase, but must have the present duty or it will close every starch factory in Maine. The farmers would not dare to go on and make a large plant of potatoes unless they had the starch factory to fall back on in case of low price for market potatoes. In fact, thousands of Maine farmers would be driven into bankruptcy without the duty on starch and potatoes.

Some one at the hearing on agricultural products asked Mr. Hale why they sold starch abroad at a lower price than it is sold here. The answer to this is that there has not been a pound of potato starch exported for the last thirty years from this country.

Tapioca flour is a great competitor of potato starch. In the Dingley bill, passed in 1897, there was a clause as follows: "Starch and all preparations used as starch, $1\frac{1}{2}$ cents." This was put in to stop the large importations of tapioca flour and sage flour, and for a year or two the duty was collected, but by some strange ruling of the Treasury Department they were let in free. They claim that these articles were named on the free list. Where tapioca is named on the free list it means for household use. We are willing to admit that sago flour is needed in the mills that make gingham, and we are not asking for a duty to be put on this article, but the cheap tapioca flour that is coming into this country by thousands of tons is in direct competition with all domestic starches. We do insist that there should be a duty the same as it is on other starches. The February 17, 1908, Paint, Oil, and Drug Reporter says that for the fiscal year ending June 30, 1907, there were imported into this country 43,647,731 pounds, or 1,433 fifteen-ton carloads.

T. H. PHAIR.

**VARIOUS INDUSTRIAL USERS OF SAGO FLOUR PETITION FOR ITS
SPECIFIC EXEMPTION FROM AN IMPORT TAX.**

BOSTON, MASS., *December 9, 1908.*

The Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: *Sago flour.* We respectfully request that this article be placed on the free list, and so distinctly specified that no misunderstanding shall arise. The article is not made in this country, can not be brought here in a cruder form, so that labor may be expended on it here.

AMOSKEAG MANUFACTURING COMPANY,
S. C. DUMAINE, *Treasurer.*
COCHECO MANUFACTURING COMPANY,
H. M. F. LOCKWOOD, *Treasurer.*
MERRIMACK MANUFACTURING COMPANY,
HERBERT LYMAN, *Treasurer.*

**VARIOUS MANUFACTURING INTERESTS PETITION THAT SAGO
FLOUR BE SPECIFICALLY ENUMERATED ON FREE LIST.**

BOSTON, MASS., *December 9, 1908.*

The Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: *Sago flour.* We respectfully request that this article be placed on the free list, and so distinctly specified that no misunderstanding shall arise. The article is not made in this country, can not be brought here in a cruder form, so that labor may be expended on it here.

HAMILTON MANUFACTURING COMPANY,
By FRANKLIN D. WILLIAMS,
Assistant Treasurer.
THE PARKHILL MANUFACTURING COMPANY,
ARTHUR H. LOWE, *Treasurer.*
THE LANCASTER MILL,
By HARCOURT AMORY, *Treasurer.*
THE ARABOL MANUFACTURING COMPANY,
By E. WEINGARTNER, *President.*

**SEYBEL & STRUSS, NEW YORK CITY, ADVOCATE PROTECTIVE
DUTY ON ALL ARTICLES WHICH CAN BE MADE HERE.**

NEW YORK, *December 12, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The first thought that enters our mind is, "Why are Chas. Morningstar & Co. so solicitous about the poor consumer?"

As a consumer we are opposed to free entry of anything that can be made here, recognizing the general benefit of importing nothing but what can not be avoided, and that prices here should depend on the cost here.

We do not agree with the thoughtless idea that only wage difference should be considered in a tariff rate, as cost of management, rent, taxes, etc., are also higher here. Besides, we must consider the fact that for export most manufacturers are ready to sacrifice their profit, and that prices for export are always lower.

If the articles are put on the free list the importers or the foreign manufacturers will advance their prices accordingly.

SEYBEL & STRUSS,
By HENRY W. STRUSS.

**CHARLES MORNINGSTAR & CO., NEW YORK, FILE SUPPLEMENTAL
BRIEF ON STARCH, DEXTRIN, AND GLUCOSE.**

NEW YORK, *December 17, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As per your request, we beg to submit to your valued consideration the following as a brief supplemental to our presentation to your committee on November 18, 1908.

Relative to the cost of labor entering into the manufactured products we have received word from our source of supply in Germany, the great starch and starch-products factory of Cuestrin, known as the "Norddeutsche Kartoffelmehl Fabrik." In answer to our inquiry this concern cables us that the cost of labor in manufacturing starch and starch flour is 15 per cent of the cost of the finished product; the cost of labor in manufacturing dextrin is 19 per cent of the cost of the finished product; and the cost of labor in manufacturing glucose is 19 per cent of the cost of the finished product.

The Norddeutsche Kartoffelmehl Fabrik emphasizes the fact that this percentage of cost of labor does not include any official salary charges.

From this report you can see that the cost of labor in manufacturing starch, dextrin, and glucose in Germany is almost the equivalent of the cost of labor in this country, as per the official record referred to by your honorable chairman on the day of our presentment, with this exception, that the cost of labor in this country includes the salaries of officials, whereas the cost of labor as per the

German report does not include any official charges, but only the actual, direct cost of labor.

From this you can see that the German manufacturer is paying a higher percentage for labor than the manufacturer in this country. This can be readily understood, however, when one considers how far superior the quality of the German manufacturer is to the starch and starch products made in this country. And yet, with all, the cost of labor in starch making is, as has been set forth in our presentment, "but a mere fraction of the cost of the goods." Both the German report and the official report of the United States Government concur with us in our statement.

There is a vast discrepancy between the established cost of labor and the rate of duty imposed by the Dingley bill. The starch, dextrin, and glucose manufacturers in this country have availed themselves of this unfair advantage with the following result:

That the cornstarch and all cornstarch products are virtually in the hands and at the mercy of the Corn Products Refining Company, Standard Oil Company, with offices at 26 Broadway, New York, and that the potato-starch industry has become a haphazard, half-hearted affair, which can not supply the wants of the consumer with either quality or quantity.

For your guidance we wish to point out to you the characteristics of the potato-starch industry of this country. Such starch as has been manufactured up to the date of this writing has been extracted from the culls or screenings of potatoes too small in size to be sold ordinarily in the market for food purposes. When, however, the price of potatoes is high, as is the case this year, even these culls are sold to better advantage as food potatoes than for conversion into starch; consequently the consumers are left high and dry without the domestic potato starch, and from sheer necessity they resort to importations from Germany and elsewhere. There have been no innovations in the potato-starch industry in this country. They are in their manufacturing processes where they were thirty years ago, with hardly an exception.

The farmers and their farm hands growing these potatoes for food purposes are as a rule the ones who make potato starch in this country, and they as a rule are independent of the revenues derived from starch making. In other words, potato-starch making is for the greater part a secondary consideration; hence the primitive auspices under which this industry gropes its way along.

To revert to the corn-starch industry, we beg you to take into account the fact that were the manufacturers of corn starch and cornstarch products to sell their starch at actual cost there would remain to them a handsome profit from the sale of their by-products, such as corn oil, gluten meal, cake, etc.

The consumers, whom we have the honor to speak for, are, as we have told you, anxious to be relieved from the excessive duty imposed on such starches, dextrines, and glucose, as they must of necessity use because of their inability to procure such qualities from the domestic manufacturers.

It must be borne in mind that whereas starch and starch products are in themselves manufactured, they enter into the arts as raw material and must be regarded as such.

The cost of labor being established, it remains with your honorable committee to determine what a "reasonable profit to the manufacturer" should be in the manufacture of starch, dextrine, and glucose.

Yours, respectfully,

CHAS. MORNINGSTAR & Co.

**STEIN, HIRSH & CO., NEW YORK CITY, AND CHICAGO, ILL., ASK
FOR RETENTION OF PRESENT DUTY ON DEXTRIN.**

358 WASHINGTON STREET,
New York City, December 22, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned are manufacturers of dextrin in the East and West, being pioneers in the western dextrin manufacture. We respectfully submit for your kind and earnest consideration a few facts, which will illustrate to you the necessity of the retention of duty on dextrin in order to enable the manufacturers of this article in the United States to continue their business. If the duty on this article is removed, it will mean the immediate closing of at least 12 factories, with invested capital of considerable over a million dollars.

The present duty on dextrin is 2 cents per pound. This has not prevented its being imported in large quantities, because it is extremely difficult for the American manufacturers to compete successfully with the European manufacturers.

The principal raw material used in the manufacture of imported dextrin is potato starch, which is produced in England, Austria, Germany, and Holland vastly cheaper than in the United States. Labor on farms in Europe is much cheaper than here, the wages in Germany for common labor being 2 to 3 marks, equal to 48 to 72 cents, per day, while here the lowest wages are from \$1.50 to \$2 per day; in Austria, 1 florin to 1½ florins per day, equal to 40 to 60 cents; in France, 2 to 3 francs, equal to 38 to 57 cents, per day. European factory wages show about the same differences, compared with the wages that the American manufacturers are compelled to pay. On skilled labor we are here at a still greater disadvantage.

It is a well-known and long-established fact that there is a vast difference in the quality of European and American potatoes, so that the European potato yields 20 per cent starch, equal to 12 pounds per bushel, while the American potato yields but 8 to 9 pounds, and only on rare occasions from selected stock close to 10 pounds.

The great demand for all kinds of cattle food in Europe enables the manufacturers there to utilize the offal, especially as the supply of potatoes is so abundant that the working season there lasts about eight months, enabling them to finish the process of fattening cattle. By reason of the insufficient supply of potatoes, and the resulting high prices thereof, the American working season is short, lasting

only while the potatoes are brought from the field to the factories, and, with the accumulation of potatoes at the factory, altogether lasts only during the months of October and November, which makes the period of fattening cattle too short and uncertain, and as the offal can not be utilized otherwise it is wasted.

Freight rates from European ports to Atlantic seaboard ports like Baltimore, New York, Boston, and Philadelphia are about 10 to 12 English shillings per gross ton, equal to 10 or 12 cents per 100 pounds, while inland freight rates to the same seaboard, if shipped from the States where the manufacture of potato starch is established, if from the State of Maine, 20 to 30 cents; from Wisconsin and Minnesota points, where most of the manufacturing is done by reason of the most abundant supply of potatoes, 30 to 35 cents per 100 pounds; and from Colorado points, 50 to 65 cents per 100 pounds.

The opposition to the present rate of duty on dextrin does not emanate from the consumers of dextrin, because they are being supplied with it now cheaper than they were even in the remote past, before import duties were imposed by the United States. In former years the importers of dextrin managed to monopolize the business and controlled prices, so that imported dextrin was sold at prices varying from 6 to 10 cents per pound. The present price of potato dextrin is about 5 cents per pound, and during several years when the potato crop was large, permitting potatoes to be sold cheap, potato dextrine sold as low as 4 to 4½ cents per pound. Thus the American manufacturer produced a supply of potato dextrin which broke the monopoly of the importers of dextrin. This explains the vigorous opposition of the importers, who alone are bringing all influence to bear in favor of reduction in the duty on dextrin, because they know that any reduction in the duty on dextrin will be fatal to the manufacture of dextrin in the United States, and again enable these importers to monopolize the business by importing cheaper than can be manufactured here, and again surrender almost complete control of the dextrin business of the United States to the European manufacturers of dextrin and their American representatives. They have nothing to lose, as they have no capital invested in the manufacturing industry in the United States.

The American manufacturer of dextrin has been greatly handicapped in competing against the great and numerous advantages of the European manufacturers, but found some relief in utilizing corn as a raw material for dextrin. Corn, however, produces only an inferior quality of dextrin, which of necessity must be sold at a correspondingly cheap price. With the advantages of this cheap price it has been possible to utilize it for certain kinds of industrial purposes, for sizing and finishing in the textile industry, in varnish and paint manufacture, in wood finishing, in the manufacture of carpets and oilcloths, in the manufacture of wall paper and other preparations of interior decorations, like plaster castings, in the manufacture of paper and paper products, and numerous other industries, as well as in the manufacture of all kinds of paste.

A reduction of duty on foreign dextrin would flood this country with the cheap European article and kindred still cheaper preparations that would make it impossible to manufacture even corn dextrin in the United States.

The unavoidable destruction of the dextrin industry would, by the reduction of duty, deprive the many other industries that are now depending upon it of a cheaper material. It would also deprive the great number of laborers and artisans and mechanics that are now employed here in its manufacture of their useful and profitable employment. It will also work a hardship in the agricultural districts, where many locations that have no railroad facilities are now utilizing potatoes by bringing them to factories when they could not utilize them otherwise, as it is too costly to transport by teams a great distance. The home consumption of corn and potatoes in factories benefits farmers and their employees and great numbers of workmen in factories.

The dextrin manufacture, under the many disadvantages it must contend against, brings but small returns upon the investments, especially as this manufacture is hazardous. By reason of the high temperature employed explosions and fires are frequent occurrences. During the present year two factories were destroyed in this manner.

We earnestly hope that your careful consideration of this subject will convince you that the present duty on dextrin is not oppressive; that it is not only fair and reasonable, but is necessary for the existence of the dextrin industry in the United States.

Respectfully submitted.

STEIN, HIRSH & Co.,
New York City; Chicago, Ill.

**CHAS. MORNINGSTAR & CO., NEW YORK CITY, CLAIM LITTLE OR
NO POTATO DEXTRIN IS MADE IN THIS COUNTRY.**

P. O. Box 1405,
New York, December 29, 1908.

HON. JOHN DALZELL, M. C.,
Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: We have read the brief of Messrs. Stein, Hirsh & Co. on the subject of dextrin. The plea of the American manufacturers to have the Dingley rate of dextrine retained, because of their solicitous consideration of the American farmer, is rank hypocrisy. The principal base of their dextrine is tapioca flour, and this product is on the free list, and it is the product of the Island of Java. The potato dextrin which is made in this country is of so inferior a quality that it does not meet the requirements of the consumers. This year, we emphasize, no potato dextrine has been made in this country.

We hope you will not be misled by the American manufacturers of dextrin in anything that they may state in the name of patriotism and their love for the American farmer, because neither the American farmer nor the American consumer will derive any benefit from the protection asked by the domestic manufacturers of dextrin.

Yours, very truly,

CHAS. MORNINGSTAR & Co.

GROUND SPICES AND MUSTARD.

[Paragraph 287.]

THE AMERICAN SPICE TRADE ASSOCIATION OF NEW YORK AND
SPICE GRINDERS IN THE UNITED STATES ASK RETENTION OF
PRESENT DUTIES ON SPICES AND MUSTARD.NEW YORK, *December 1, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: Herewith I beg to hand you a petition praying that the present schedules on whole and ground spices and on mustard seeds and manufactured mustard be maintained in any new tariff bill that may be enacted.

This petition is signed by every member of the American Spice Trade Association in New York City and by a large number of the grinders of spices in the United States. It has met the entire approval of everyone to whom it has been submitted, without exception.

The vouchers are hereto attached.

Very respectfully,

E. R. DURKEE & Co.,
E. W. DURKEE.

We most respectfully and very urgently suggest that the present tariff schedule on whole and ground spices, also on mustard seeds and manufactured mustard, be maintained in any new tariff bill that may be enacted, applying to such items as pepper, ginger, cassia, or cinnamon, cloves, allspice, red peppers, nutmegs, mace, mustard, and similar products.

The present duty on ground or manufactured mustard is 10 cents per pound specific. The duty on ground or manufactured spices of all kinds except red pepper is 3 cents per pound specific. Red pepper, both whole and ground, is subject to $2\frac{1}{2}$ cents per pound specific, and paprica, ground or unground, $2\frac{1}{2}$ cents per pound specific. All other spices and mustard seeds are free from duty. Any reduction of duty on ground mustard or ground spices would be harmful to American interests, while whole or crude spices and mustard seeds should be admitted free under present schedules for the following reasons:

Mustard.—The importations of ground mustard into the United States during the last nine years are as follows:

For fiscal year ending July 1:

1900	-----	586, 479
1901	-----	823, 295
1902	-----	820, 125
1903	-----	857, 989
1904	-----	996, 547
1905	-----	992, 720
1906	-----	1, 079, 523
1907	-----	1, 198, 560
1908	-----	1, 307, 202

This statement shows a constant and very great average increase in the importation of ground mustard into the United States in spite of the protective duty of 10 cents per pound, amounting to 2.2289

as much in the fiscal year ending July 1, 1908, as was imported in the fiscal year ending July 1, 1900.

There is now and always has been perfectly open competition among the American manufacturers. No semblance of a trust or combination or effort to maintain or regulate prices by agreement is now on or ever has been in existence here. On the other hand, competition from abroad is, by powerful combination, controlling a very large percentage of the output of manufactured mustard, besides controlling a very large portion of the growth of mustard seed in England, Holland, and Italy by reason of contract acreage with the producers. The cost of labor, grinding, and packing is much less in Europe than in the United States. A vast majority of the product ground abroad would be packed into small tins; the manufactured tin in this case would be at cheaper labor cost, and the manufactured tins would pass customs here without duty, whereas the American cost basis for such tins would be very much higher, owing to the United States protective tariff on same and greater labor costs.

In order to compete with imported ground mustard in quality it is necessary for American manufacturers to use the finest imported seeds, such as are used by English manufacturers, who also profit by contract growth. Mustard seeds grown in the United States are not as fine in quality, hence it is a matter of absolute necessity to use imported seeds to compete in quality with the imported ground mustard. During some years, as, for instance, the crop of 1907 and the crop of 1908, there was only a very little yellow mustard seed raised in California. This present year there has been practically no California yellow mustard seed sold at any point east of the Mississippi, so that no matter what the price of imported yellow seed might be no ground mustard can be manufactured except the seed be imported from Europe.

During other seasons practically no brown mustard seed has been produced in California, and it was necessary to import the brown seed from Europe, regardless of cost.

All ground or dry mustard flour is the combination of flour from both yellow and brown seeds, the yellow being used for flavor and the brown for its pungency. Neither is used solely by itself.

For the above reasons we very strongly urge the maintenance of a duty of 10 cents per pound on ground or manufactured mustards and the retention of mustard seeds in the free list.

Spices.—Pepper, ginger, cinnamon, cloves, allspice, nutmegs, mace, etc.; also red pepper.

All crude spices, etc., are free under the present tariff, except red peppers, which are dutiable by $2\frac{1}{2}$ cents per pound, either ground or unground.

We very strongly urge the retention of these schedules, for the following reasons:

First. Because the cost of labor, grinding, and packing is much less in Europe than in this country. A vast majority of the product ground abroad would be packed into small tins. The manufactured tin in this case would be at cheaper labor cost, and the manufactured tins would pass customs here without duty, whereas the American cost basis for such tins would be very much higher, owing to the United States protective tariff on same and greater labor costs.

Second. Because crude spices are inspected on arrival in the United States, and such as are below the standard prescribed for crude spices are denied entry. If ground spices were admitted free of duty a large part of the ground spices used in this country would come from abroad at a much cheaper cost of labor and grinding, and because spices which in the crude state would be excluded from this country might, and doubtless would, be ground abroad, where the inspection and standards are less rigid. When ground, the condition of the spice before grinding could not be detected by chemical analysis, placing a premium on the grinding of crude products abroad which would be rejected here, to the detriment of American manufacturers.

To quote from the address of Dr. R. E. Doolittle, chief United States laboratory, New York City, delivered at the convention at Mackinac Island, Michigan, August 4 to 7, 1908, of the Association of State and National Food and Dairy Departments:

There are, however, a very great number of natural products, some of which are produced in this country and more, perhaps, which are imported from abroad, that come within the provisions of the food and drug law, and the sale of which should be so carefully looked after by the various officials charged with the enforcement of these laws as are the manufactured products. I need only to mention the various spices, such as pepper, nutmeg, allspice, cinnamon, and cassia, which are brought into this country in the whole state. Many of the members of this association, who have had to do with the fixing of standards for spices and the enforcement of laws containing standards for this class of products, know that there have heretofore been grades in general commerce and recognized by the trade that would not comply with these standards. This has been true particularly of the low-grade products, such as "D" and "E" Atcheen pepper. But this is not confined to pepper alone. The same appears to be true of practically all the spices. The ground nutmeg found in our market, which, by the way, complies with the standards most commonly given for that article, has heretofore been the product of so-called "grinding nutmegs," which are nothing more than the refuse from the grading process, the worm-eaten, moldy, immature, and broken nutmegs, unsalable in any other form. Fortunately, the inspection of crude drugs and spices is provided for not only by the national food and drugs act, but also by a special act enforced by the Treasury Department.

The protection against adulteration of spices afforded by the rigid inspection of crude spices now in force in the United States would be absolutely nullified if the duty on ground spices be removed, principally for the reason, as stated above, that the chemical examination of the ground spice would fail to indicate the character of the crude spice from which the ground spice was produced.

Very respectfully,

Grinders and packers of spices and mustard and dealers in whole spices and mustard seeds: B. Fischer & Co., Bennett, Simpson & Co., Van Loan, Maguire & Gaffney, Austin, Nichols & Co., Edwin J. Gillies & Co., Samuel S. Beard & Co. (Incorporated), J. B. Gruman, E. R. Durkee & Co., New York City; William H. Crawford Company, Parish Brothers (Incorporated), Baltimore; Wixon Spice Company, J. H. Conrad & Co., Thompson-Taylor Spice Company, Chicago; Steinwender & Stoffregen Coffee Company, William Schotten & Co., Hanley & Kinsella Coffee and Spice Company, Eddy & Eddy Manufacturing

Company, C. F. Blanke Tea and Coffee Company, St. Louis; The O'Donohue Coffee Company, S. C. Smith Company, Cleveland; Weikle & Smith Spice Company, The A. Colburn Company, Philadelphia; The Frank Tea and Spice Company, The Newton Tea and Spice Company, Cincinnati; Kirkpatrick Brothers, Scranton, Pa.; Joseph Strong & Co., Terre Haute, Ind.; The Williams & Carlton Company, Hartford, Conn.; Jewett & Sherman Company, Milwaukee, Wis.; Theo. F. Johnson & Co., Newark, N. J.; Halligan Coffee Company, Davenport, Iowa; Larkin Company, Buffalo, N. Y.; D. & L. Slade Company, Stickney & Poor Spice Company, Boston, Mass.; The R. T. French Company, Rochester, N. Y.; Mokaska Mills, St. Joseph, Mo.

RED PEPPER.

[Paragraph 287.]

THE STICKNEY & POOR SPICE CO., BOSTON, MASS., RECOMMENDS THAT RED PEPPERS BE PUT ON FREE LIST.

BOSTON, *November 25, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: We wish to call your attention to one spice, red peppers—the spice of all spices which is used in our country to the least extent. When the duty on this spice was worked into the Wilson bill it was done in a very unbusinesslike manner. Ground red pepper cost more to manufacture twice over than any other spice, and yet the duty on the same is only the same as the duty on the whole red peppers. In other words, there is no protection whatever for manufactured red peppers for the American manufacturer. They both stand at $2\frac{1}{2}$ cents per pound. As there are comparatively no red peppers grown in this country and as the duty was imposed in the Wilson bill to benefit one man in the parish of New Iberia, La., and as the duty is 50 to 80 per cent ad valorem on the goods, we desire to respectfully petition that red peppers be placed on the free list. They were on the free list for over a generation of time. All other spices and seeds used by spice and mustard grinders are now on the free list, and there should be no exception made for the one small article of red peppers.

Yours, very truly,

STICKNEY & POOR SPICE COMPANY,
JAMES S. MURPHY, *Treasurer.*

MUSTARD.

[Paragraph 287.]

FRANCIS E. HAMILTON, NEW YORK CITY, SUBMITS BRIEF RELATIVE TO MUSTARD IN BEHALF OF IMPORTERS.

NEW YORK CITY, *December 10, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: On behalf of the importers of mustard it is respectfully prayed that the present duty of 10 cents per pound, under paragraph 287 of the act of 1897, be reduced to $2\frac{1}{2}$ cents per pound.

As a revenue producer this article is negligible, and as it is a necessity it should be placed upon the free list, unless in the protection of home production it is necessary to impose a duty.

As far back as 1862, when the mustard-flour industry was in its infancy in this country, a duty of 16 cents per pound was levied upon it, which was continued about ten years. In 1872 the rate was reduced to 14 cents and in 1883 to 10 cents. It is now fifteen years since this last reduction. The production of mustard in this country has become a well-established and most profitable business, there being 10 large manufacturers in the East alone. The total consumption of mustard flour in the country is supplied to more than 90 per cent by the home producers, and they could with no trouble supply the entire demand. The present rate of duty compels the importers of mustard to sell the same to the consumer at a rate which could be greatly reduced under a lower tariff, but which enables the home producers to hold the home product at a correspondingly high rate, and as a result the consumer, as a citizen of the United States, receives the indirect benefit of a 10 cent per pound duty collected upon 10 per cent of the total quantity consumed, and in return is called upon to pay at least 10 cents per pound upon the other 90 per cent of the total quantity consumed, which, all of it, goes into the profits of the home producer.

In other words, this is a striking example of a man's biting off his nose to spite his face. For every penny of benefit you or I or any consumer of mustard receives through the present tariff rate you and I and every consumer pays 9 cents to the home producer.

The highest grades of imported mustard sell at about 40 cents per pound; the next quality at about 28 cents per pound, and, if packed in kegs, at about 24 cents per pound.

The same grades of mustard produced in this country sell relatively at about 29 cents, 25 cents, and $21\frac{1}{2}$ cents.

It will be noted that a duty of $2\frac{1}{2}$ cents per pound would protect the home product if any protection at all is needed, and that the above figures prove it.

FRANCIS E. HAMILTON,
(for importers of mustard).

JAMES P. SMITH & CO., NEW YORK, RECOMMEND A CONSIDERABLE REDUCTION IN DUTY ON MUSTARD.

90, 92, AND 94 HUDSON STREET,
New York, January 8, 1909.

The WAYS AND MEANS COMMITTEE.

DEAR SIRS: We take the liberty of calling to your attention the article, imported mustard, which we have brought to this country in a large way for the past seventy-seven years. We will begin by stating that the raw material, mustard seed, comes in free and that the market price of the same averages 3 cents a pound. The manufactured article is taxed 10 cents a pound duty, and it would seem to us that a protection of $333\frac{1}{3}$ per cent was rather overdoing it.

We are perfectly satisfied that $2\frac{1}{2}$ cents a pound would furnish all the protection necessary on an article that costs 3 cents in the raw state, and at the same time we feel that the Government will still derive a fine revenue even at this rate.

Trusting you will give this matter the best consideration, we are,
Yours, truly,

JAMES P. SMITH & COMPANY,
Importers.

PEPINA.

[Section 6.]

34 WABASH AVENUE,
Chicago, Ill., December 17, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee, on Tariff,
Washington, D. C.

SIR: The undersigned, an importer of a product known to the trade as "pepina," most respectfully requests the committee to name this article, specifically in the tariff legislation, that is about to be effected, at 20 per cent ad valorem, for the following reasons, etc.:

This product, which is used in manufacturing a compound pepper, but is not produced in this country, is now considered as "not enumerated" in tariff act; therefore duty is levied under section 6 as "an article manufactured in whole or in part not provided for in this act, a duty of 20 per cent ad valorem."

I do not request any abatement of the levied duties on the article, and most respectfully urge your commission to comply with my request.

Respectfully,

JOHN D. TASH.

TEA.

[Paragraph 679.]

STATEMENT OF GEORGE C. CHOLWELL, NEW YORK CITY, WHO WISHES LEGISLATION THAT WILL OPEN CANADIAN MARKETS TO AMERICAN TEA SALESMEN.THURSDAY, *November 19, 1908.*

Mr. CHOLWELL. Mr. Chairman and gentlemen, I will explain the reason why I am here, in the first place. I am in the tea business. I am a tea broker, and my business is, as a tea broker, to keep in touch with the markets where the teas are grown and where they are sold.

The CHAIRMAN. What amendment to the tariff law do you desire?

Mr. CHOLWELL. Not a bit. I want to correct what we consider an injustice.

The CHAIRMAN. You do desire an amendment, then? Proceed.

Mr. CHOLWELL. We bring teas to the New York market and distribute them around the country. A number of our customers are complaining about the Canadian merchants being able to deliver tea to their customers on the border, whereas they can not ship into Canada, because the Canadian government charges us 10 per cent on all goods shipped into Canada, while Canada is allowed to ship them into this country without any charge at all. That seems to be an injustice; and our customers from all parts of the country, and here on the border, have made these complaints and requested me to come here and see if this thing can not be remedied. We have a very strict law as regards inspection of tea in this country, and Canada has virtually none. Canada imports about 26,000,000 pounds of tea. She ships to this country 10 per cent.

Mr. FORDNEY. How much does she ship?

Mr. CHOLWELL. To be exact, we shipped last year to Canada 115,000 pounds of tea, which were presumably teas that were rejected, that could not pass under the government inspection, and were sent to Canada to get rid of them; because we had to export them, under the law, or have them destroyed. What we object to is the injustice of their being allowed to send 10 per cent of their tea free into this country without our customers having an opportunity to do any business in their country.

Mr. DALZELL. Is not every Canadian exportation of tea into this country inspected?

Mr. CHOLWELL. It is supposed to be; yes, sir. All we can tell you—these are the government figures—is that they are supposed to have exported 2,453,424 pounds that we know is inspected. It is generally conceded by our friends here from Portland, Me., to St. Paul, on the border, that there are teas being shipped across all the while in small lots, and some of them claim that there is as much more as 2,000,000 pounds that is sent over that is never inspected. It is shipped over in small lots—one package, two packages, etc. Take Detroit; take St. Paul; take Plattsburg, N. Y.—the people on the border get their teas from Canada. Naturally, that is not inspected. They could not do it. They could not have a custom-house at every point.

Mr. DALZELL. What do you propose to put in the tariff law to cure that?

Mr. CHOLWELL. The only thing that we want to do is to do away with what it seems to us is the injustice of having them have the benefit of our market when we can not get the benefit of theirs.

Mr. HILL. Suppose there was a maximum and minimum duty, the maximum being whatever the committee saw fit to fix, and the minimum rate being free trade, as it is now, subject to equal consideration being given by one country to the other—would not that relieve your trouble?

Mr. CHOLWELL. Most decidedly; and that is all we ask.

Mr. HILL. As a matter of fact, are you not shipping more to the countries of Europe—Great Britain and other countries—than you are now to Canada?

Mr. CHOLWELL. We ship more in a day to them than we do to Canada in a year. We ship more to England—we have been shipping to England, and even to Italy and to Marseille—we ship more there in a day than the whole United States sends to Canada in twelve months.

Mr. HILL. They charge us a duty of 10 per cent?

Mr. CHOLWELL. Yes; on everything that goes there.

Mr. HILL. On everything that goes there; and they are themselves receiving it and shipping it in free?

Mr. CHOLWELL. Yes; but they receive it under different conditions. Not only do they have lower-grade teas, but they have cheaper freight rates. Everything is brought in English bottoms, etc.

Mr. HILL. Then you are not asking for a duty to be put on tea, but you wish simply to have such an arrangement as will make an equitable trade between the two countries?

Mr. CHOLWELL. That is all we want to do. We want to be able to take advantage of selling over there as they sell to our people here. We do not ask for anything but justice. As a number of people said, when they decided to let them go to Washington rather than me, "The facts are facts, and the figures show everything. There is no argument to be brought up." It seems to be an injustice.

The CHAIRMAN. You want them to treat us as well as we treat them?

Mr. CHOLWELL. Most decidedly; that is all we want. What we want is fair play. I have a number of letters here on this thing.

Mr. HILL. The letters are all along the whole border, from the Atlantic to the Pacific coast.

The CHAIRMAN. Are there any questions to be asked of Mr. Cholwell?

Mr. BOUTELL. Does the ultimate consumer or purchaser or user of tea now get just what these teas are labeled?

Mr. CHOLWELL. Why, yes, sir; they always have, to a great extent, except in the case of some trade names by which tea is labeled, where the buyer does not understand them.

Mr. BOUTELL. Take Formosa Oolong, for example.

Mr. CHOLWELL. Yes, sir.

Mr. BOUTELL. How broad a name is that? What does that cover?

Mr. CHOLWELL. It covers the teas that come from the island of Formosa.

Mr. BOUTELL. And there is not any tea exploited on the market in this country under the name of Oolong except what is from Formosa?

Mr. CHOLWELL. Oh, yes, sir; there is Foochow Oolong. That comes from Foochow, China. That is an entirely different kind of tea.

Mr. BOUTELL. How does that compare with the Formosa?

Mr. CHOLWELL. It has a different flavor and different characteristics. It is different in many respects.

Mr. BOUTELL. How is it with the Souchong?

Mr. CHOLWELL. That, sir, is a Chinese tea. That is an English breakfast tea. "Souchong" is hardly a trade name. You would not know it in this country. It is sold here as Congou tea, and also known as "English breakfast" tea. But they are entirely different teas—just as different in appearance and taste and flavor and everything else as they can possibly be.

Mr. BOUTELL. How is it with the Orange Pekoe and gunpowder?

Mr. CHOLWELL. The Orange Pekoe tea is hardly a tea. That is more of a manufactured leaf that is used for flavoring purposes.

Mr. BOUTELL. Exactly.

Mr. CHOLWELL. We see very little of it in this country.

Mr. BOUTELL. I make a blend of tea for my own use, and I want to know what I am getting. I use a little Formosa Oolong, a little Souchong, a little Orange Pekoe, and a little gunpowder.

Mr. CHOLWELL. You have got quite a combination.

Mr. BOUTELL. That is the best blend of tea I have ever tried.

Mr. CHOLWELL. I think you have got a good job in blending it. I would not want to make the blend for you.

Mr. BOUTELL. I do not let anybody make it; I want to see it weighed, and know that I am getting what I ask for.

Mr. CHOLWELL. Yes; there is no question that you should get the very best. There is a standard law in this country. There is no possibility of anybody getting poor tea here.

Mr. BOUTELL. Let me ask you this question: Take two very high-priced and very delicately flavored teas, the Avon Grove and the Darjeeling.

Mr. CHOLWELL. Those are Indian teas.

Mr. BOUTELL. Does that express a kind, or a mere variety?

Mr. CHOLWELL. The Darjeeling tea comes from a certain section of country in India, Darjeeling, where the black Indian tea comes from.

Mr. BOUTELL. Do we actually get that when we pay for that tea?

Mr. CHOLWELL. Yes, sir; but the tea is very little sold in this country, in this market. Probably not one one-hundredth of the amount that is produced is sold here. It is very heavy, and of a very strong flavor. Our people have been educated to a mild tea.

Mr. BOUTELL. How is it with the Avon Grove?

Mr. CHOLWELL. That is another Indian tea. You know, there are probably a hundred estates there.

Mr. BOUTELL. It is a highly flavored Indian tea.

Mr. CHOLWELL. That Indian Ceylon tea was not known here at all ten or fifteen years ago.

Mr. BOUTELL. There is not anything, then, in the jobbing or handling of tea that corresponds with this fraud on the purchaser in the way of selling Brazil coffee for "old Government Java?"

Mr. CHOLWELL. There is no possibility of any fraud. Tea is cheap enough and good enough; there is no need or reason at all for any

fraud. All we ask in this country is simply what would seem to be justice as far as Canada is concerned.

EXHIBIT A.

NOVEMBER 19, 1908.

GEORGE C. CHOLWELL Co.,
138 Front street, New York City.

GENTLEMEN: I would appreciate it if you would express to the Ways and Means Committee, in the strongest possible language, our emphatic protest against the present relations between this country and Canada on the exchange of teas between the two countries. The fact that Canada maintains a discriminating duty against the United States on teas while we have no duty against teas from Canada is obviously so unfair as to call for special comment, even though it did not result in any injury to this country. However, the present conditions are a serious menace to everyone engaged in the tea business in this country, and we feel it in many different ways, both directly and indirectly.

Where our teas are put up in tin canisters, pasteboard cartons, lead packets, and paper bags all of these empty packages when imported are subject to a heavy duty (on tin cans amounting to 45 per cent), while the Canadian or other foreign dealers in teas are permitted to bring in these packages duty free when filled with teas. This company now operates 300 branches and employs in excess of 5,000 hands, paying the American rate of wages. Aside from the duty on the empty packages we must compete against the low wage scales of foreign countries, and I am informed that the putting of these up in packages in England is done by girls at a cost of from \$1.25 to \$1.75 per week in wages, and probably not more than 60 per cent for this class of labor among the Asiatics, and approximately 50 per cent among the Russians, in comparison with which this work will cost from \$5 to \$8 per week in this country.

From all of our branches along the border line—Buffalo, Niagara Falls, Detroit, etc.—we get constant reports of the inability of our salesmen to compete with the low-priced teas brought over the border line from Canada. Teas which are below the United States Government standards are sent into Canada and then sold to residents of the United States through salesmen who bring the teas into this country, selling direct to the consumer. We also feel quite a little effect from residents of this country in bordering cities visiting the Canadian cities and purchasing the low-grade teas the importation of which is prohibited. These teas can be, and are, sold at lower prices than our cheapest teas. While we feel the effects of this competition very severely in cities near the border line, the effect is felt to a more or less extent throughout the entire country.

We are very glad to know that a movement is on foot to try to remedy these unfair conditions, and we would be glad to cooperate with you in any way possible to effect an improvement.

Yours, truly,

THE GREAT ATLANTIC AND PACIFIC TEA Co.,
GEO. N. HARTFORD, *President*.

STATEMENT OF CHARLES R. BANKS, WHO CALLS ATTENTION TO
SITUATION OF TEA TRADE AS REGARDS CANADA.THURSDAY, *November 10, 1908.*

Mr. BANKS. I do not think I have come to stay very long, Mr. Chairman and gentlemen. I have been invited by the tea merchants to take this subject up, to see what is best for the interests of our people. I wrote several letters, and I received replies from those that I had written to, covering the territory between Minnesota and Maine. I appreciate the honor granted me to appear before you to appeal in behalf of the retail and wholesale grocery trade and the tea trade.

I wish to appeal to you on two heads: Firstly, the great injustice which we to-day are obliged to submit to by being deprived of doing business in Canada on the same basis that the Canadians do business in this country. All the merchants in the States adjoining Canada have had at times a large Canadian and Dominion trade, which they have been prevented from carrying on because of the duty which they exact from us of 10 per cent; and yet the Canadians come into our territory and do business free of duty. Not only do they sell their bulk teas and deliver them readily, but it is a safe statement to make that they are not properly examined, because they can not have them examined and delivered within a day or two in our border States. They also pack their teas in packages of a fraction of a pound at a lower basis than we do, and sell them throughout the United States.

Mr. Cholwell has made clear to you the facts of the case—that Canada has discriminated against us; and I am confident that it is not necessary for me to repeat what he has said. But there is one very important part of our commercial business that I believe needs your attention, and that is that the foreign traders in tea are permitted to come to the United States and ship tea into this country in packages like what I will show you without a duty on the package, whereas the merchants of the States are obliged to pay, as you know, a duty on the tin and a duty on the lithograph work. The enamel work on a can like that [producing can] is something that amounts to considerable.

Now, here is a can [producing another can]. I make this statement disregarding ourselves. I am—with a concern that is fortunate enough to be able to do business throughout the world, which other people are not. There is a package that is packed in Ceylon. That package I can buy for much less than we can pack it here, and still we are philanthropic enough to be willing to show it up for the benefit of the trade. There is a lead package, together with a lithograph label, which we buy at a much lower price than we can pack it in this country.

Mr. HILL. Mr. Banks, taking that first tin package, if you bought that package abroad and shipped it here and shipped the tea in bulk and packed it here, what would be your rate of duty on the package?

Mr. BANKS. Forty-five per cent.

Mr. HILL. And the foreign packer that packs it abroad gets it in free?

Mr. BANKS. It comes in free. In making the deal for this tea, I told the shipper that it must say there that it was tea, and he must not ship it unless it did say that.

Here is a package that is made in London, and it doesn't say tea, but it is shipped in here with tea.

Here is something that is quite a curio. This is coming in in large quantities [indicating another fancy package].

There is a package that comes from Russia, made by Russian labor. It contains tea, and there is no duty on the package.

That is an unjust position that we are placed in, because these Russians that come here have firms in their own country and are able by this method to place themselves in a position entirely different from what we would be in if we wanted to go into the business.

There is the sugar pot, on the same line, filled with tea [indicating another package], coming in without paying any duty. If we imported that—that is, the metal, the glass, or whatever it may be—we would be obliged to pay a duty on it.

MR. HILL. About what does that last package cost to import, laid down in New York?

MR. BANKS. I could not say.

MR. HILL. I mean without the tea in it.

MR. BANKS. No, I could not say. This invitation with which I have been honored, to appear before you here to-day, was rather sudden, and I merely sent out and got these different packages in order to show them to you, and I simply know that they come in in this way. They are prizes. Our salesmen have told us that packages coming in in this way keep them from doing business.

Here is another I would like to show you [exhibiting another package]. That is glass work [indicating]. You can see these and see the style of work. It shows the class of work that comes in here.

MR. CLARK. If the tea is in these packages, how do you find out how much tea is in them?

MR. BANKS. They do not weigh them.

MR. CLARK. But they keep an account of how much tea comes in in this way, even if they don't weight it.

MR. BANKS. Here is another package [exhibiting another package], to let you see how they come in.

Here is another package. I don't know what that is. Here is something else. That is shipped in large quantities. We are obliged to pay 35 per cent in buying that lithograph work and shipping it to this country. Individually I have tried to do it, because we live on different lines of life from what other people do, for the welfare of general business.

To let you see that we are not unable to produce something here in America, there is something of our own make [exhibiting another package]. That is a product of our own manufacture.

MR. CLARK. Your contention about this is that these come in as prizes, as it were, for them to buy that kind of tea, and they don't have to pay any duty on it?

MR. BANKS. Yes, sir; that it right. They should pay a tariff.

MR. POW. Why does it not pay a tariff? That is the fault of the Government, is it not?

MR. CLARK. Is not that something that the revenue department should look after?

MR. BANKS. I am unable to say.

MR. POW. Suppose they brought them in and there was not any tea in those boxes.

Mr. BANKS. Then they would have to pay a duty.

The CHAIRMAN. There is a duty on boxes and barrels and other articles containing oranges?

Mr. BANKS. Yes, sir. And they tell me that they are obliged to pay a duty for packages containing ginger that they did not have to pay formerly. I wrote a similar request to many of the merchants I knew, and I will not burden you with any letters. It is a universal verdict. The appeal has been made, and their indorsements are these, which I will take pleasure in giving you, and if you wish to hear the letters from any of them I will be glad to read them, although I know you have been very patient with us, and I will not detain you long. You can take my word for it that they say it is discrimination against our business.

The CHAIRMAN. You can print those letters in the record.

Mr. BANKS. Yes, sir. I would like to read the names of the writers of these letters and who they are.

I have letters here from—

O. V. Tracy & Co., importers of coffees, teas, and spices, Syracuse, N. Y.

Milliken, Tomlinson Company, wholesale grocers, Portland, Me.

The Eldridge & Higgins Company, wholesale grocers, Columbus, Ohio.

Weddle Tea Company, New York, N. Y.

Wilkinson, Gaddis & Co., wholesale grocers, Newark, N. J.

C. M. & R. Tompkins, wholesale grocers and jobbers of teas, Elmira, N. Y.

Race & Kingsley, wholesale grocers, Buffalo, N. Y.

Austin, Nichols & Co., wholesale grocers, New York, N. Y.

J. T. Prentis & Co., importers and wholesale grocers, Buffalo, N. Y.

George W. Lane & Co., New York, N. Y.

The A. Colburn Company, importers and manufacturers, Philadelphia, Pa.

John C. Siegfried & Co., Chicago, Ill.

A. Davidson, New York, N. Y.

Geo. C. Cholwell & Co., New York, N. Y.

Bennett, Sloan & Co., importers and jobbers, teas, coffees, spices, flavoring extracts, New York, N. Y.

O. V. Tracy & Co., importers of coffees, teas, and spices, Syracuse, N. Y.

Williams & Hall, Boston, Mass.

The Whitkop & Holmes Company, importers and jobbers of teas, coffees, baking powder, spices, cocoa, flavoring extracts, fine groceries, etc., Buffalo, N. Y.

L. Hoover, wholesale grocer, Rome, N. Y.

Crouse Grocery Company, wholesale grocers, Syracuse, N. Y.

Delano, Potter & Co., importers, Boston, Mass.

Eppens-Smith Company, importers and jobbers, coffees and teas, New York, N. Y.

Andrus-Robinson Company, Malone, N. Y.

The G. B. Farrington Company, importers of teas and coffees, New York, N. Y.

Frederick C. Small & Co., wholesalers and jobbers, choice teas, coffees, and molasses, Boston, Mass.

Andrus-Robinson Company, wholesale grocers, Malone, N. Y.

Daniel Mahoney & Sons, wholesale grocers, Buffalo, N. Y.

Foley Bros. & Kelly, St. Paul, Minn.

Griggs, Cooper & Co., St. Paul, Minn.

J. H. Allen & Co., St. Paul, Minn.

Squires, Sherry & Galusha, wholesale grocers, Troy, N. Y.

Russell & Co., importers, New York, N. Y.

B. Fisher & Co., importers teas, coffees, spices, New York, N. Y.

R. C. Williams & Co., importers, manufacturers, and wholesale grocers, New York, N. Y.

Boomhower Grocery Company, wholesale dealers in groceries and provisions and manufacturers of butter and cheese, Plattsburg, N. Y.

Hall & Loudon, New York, N. Y.

Reid, Murdoch & Co., Chicago, Ill.

Mr. BOUTELL. Has the admission of these packages free been called to the attention of the Treasury Department?

Mr. BANKS. It has, and that letter from Mr. Morrison, your friend—and he sends his kindest regards to you—stated that they misconstrued the meaning of the law. He says that they are unable to prove this, but it is very evident that when they did they took a package like that [indicating]. But if they take a package like this [indicating] and make the case they would be likely to win on the case.

Mr. BOUTELL. It would be only a step further than this to put diamonds and rubies in boxes like these and bring them in free of duty.

Mr. BANKS. Surely.

Mr. BOUTELL. It seems to me there might be something in the administration of the law that would cover this.

Mr. BANKS. There should be, but those who have tried it could not do it. That is why we appeal to you.

If there is anything else you would like to know that I can tell you, I would be very glad to do it.

Mr. HILL. Please let me see that glass package?

Mr. BOUTELL. If the law is such that anything that has a pound of tea in it can come in free of duty, it is very evident that is a way to violate the intention of the act, and that would lead to wholesale smuggling.

Mr. BANKS. We will leave these samples.

Mr. CLARK. You are in favor of reciprocity?

Mr. BANKS. Yes, sir; I am in favor of reciprocity.

Mr. CLARK. I want to ask you a question of practical administration. Are all the teas that are brought into the United States brought in in packages carefully wrapped like that?

Mr. BANKS. No; the regular half chests come in bulk.

Mr. CLARK. There is no tariff on tea, and when these fancy packages you have here come in how do the customs officers pass them?

Mr. BANKS. They claim they have a right to pass them, the law being as it is. They claim the law permits them to let that tea come in free of duty.

Mr. CLARK. I am not asking you about the package coming in, but how does the customs officer find out that it is not loaded up with stuff that there is a tariff on?

Mr. BANKS. They open the package.

Mr. CLARK. Do you suppose that they open one package out of a hundred, as a matter of fact?

Mr. BANKS. Oh, yes. We could not get one of these in without its being opened up [indicating].

Mr. CLARK. Is not this the way it is done? Do they not ship in a large number of packages, say a thousand packages, and do the customs officers not reach down and pick up one at random and examine it, and if that is all right, then they pass the thousand packages?

Mr. BANKS. Oh, no. They do not do that.

The CHAIRMAN. They are very strict about the inspection.

Mr. BANKS. Oh, yes. They are very strict, indeed. We have our own warehouses, and when we send the sample up they send an investigator down to see whether it did come out of that, and they go up to the package and examine the chop mark, number, and tea.

Mr. BOUTELL. Who is the heaviest importer of these prize-package teas?

Mr. BANKS. The heaviest shipper is the right way to put that question.

Mr. BOUTELL. That is what I mean. Who is the heaviest shipper?

Mr. BANKS. Well, I could not say. I do not know the statistics. There is Mr. Larkin, who says he is the king—who claims he is the king of the tea trade; then there is Lipton, who, because of his advertisement in yachting, thinks he is in the lead; and then there is Tetley, who thinks he is at the head. They send tea packages over in a tin with a thin piece of lithograph paper covering and the value that they give is the poorest value given in the States, and the reason is that they are practically subsidized by the box that the tea comes in. The India and the Ceylon people have subsidized their own different trade-marks, grades, and kinds of teas to be introduced in this way; packages of teas which have the advantage of cheap labor—12 cents a day—in order to get it in. I do not say but what I would take it. I do not say but what we have sold India teas this way, and we expect to sell India tea, but we are willing to compete on a fair basis—

The CHAIRMAN. Is Lipton the originator of this package business?

Mr. BANKS. I could not say who the originator was.

Mr. POW. Do you know how much that glass sells for, together with the tea that is in it?

Mr. BANKS. No; I do not. I got all these together hastily, in order to show them to you.

In conclusion, I wish to present for your consideration the requirements of my appeal to meet two distinct necessities, which are discriminations against our national progress.

Firstly. The Canadian government have now enacted and enforce a duty of 10 per cent on all tea shipped from the United States into the Dominion of Canada, which is a prohibitive tariff on their part against our merchants trading with them, whereas they have full privileges with their cheap labor advantages of entering the United States at will, and are granted full privileges of our commercial houses in selling their teas under their own trade-marks, in packages or in bulk, duty free. This advantage gives them what they deny to us, and is a serious blow to the merchants on the northern border of our States in bulk teas, and through the entire United States on their package teas, because of the advantage they have of a low wage rate for labor in packing the small packages together with an entrance into:

this country of the packages which should pay a protective duty adds an inestimable advantage to them.

Secondly. We appeal to your honored body for an enactment of a law which will cover a specific duty on all teas shipped from a country other than from its native growth which exacts a duty from the United States shipments, together with a duty on all packages of 5 pounds and under from any country, because it is a discrimination against American capital and labor to permit teas in the denominations mentioned to come into this country from Great Britain, India, Ceylon, Japan, China, and Russia without a tax at least on such covers, and also it places all importers, jobbers, packers, or teas in this country at an unfair disadvantage, against which we look and hope for your protection.

Mr. Banks submitted the following letters:

SYRACUSE, N. Y., *November 16, 1908.*

The Ways and Means Committee, Washington, D. C.

GENTLEMEN: In the consideration of the tariff question, we trust that you will consider the situation in regard to duty on teas going from this country into Canada, while the Canadians are able to ship teas into this country free of duty. The result is, that we come into competition with Canadian firms in all the northern portion of this State, and are unable to compete with them on their own side of the border, as we could easily do except for the duty.

It seems to us that a discriminating duty should be levied on all teas entering this country from Canada, to protect the American dealers in their own territory. I am writing this not as a single firm but as representing all wholesale dealers in teas in central and northern New York State.

Yours, very truly,

O. V. TRACY & Co.,
By C. S. TRACY.

PORTLAND, ME., *November 16, 1908.*

MR. C. R. BANKS,
New York, N. Y.

DEAR SIR: About two years ago we entered a protest with the Government at Washington in regard to the discrimination on tea and coffee carried on by the Canadian government.

We have a large package tea business, and undertook at one time to do some business across the border in New Brunswick, but we were handicapped by a 10 per cent duty levied by the Canadian government.

On the other hand, here at home, in this State particularly, along the border, we are met with competition from a large tea house located at St. John, New Brunswick, selling package teas to our trade; we would have no objection to this competition if we had an equal chance to compete with them on their territory; but our Government offers no protection and allows these Canadians to come over and sell their package teas in competition with us.

We employ a large force of labor and pay a big tax bill; these Canadians give employment to a large number of people at St. John, and, we presume, pay their share of the taxes, and their government protects them with a duty of 10 per cent.

We have other competition from a Canadian house packing tea under the brand, "Salada;" this brand, however, does not have an extensive sale in this city, but we understand it has a large sale in other localities, and the same condition of affairs allows them to come into our market and push their goods without a farthing of duty and in competition with our merchants, while the latter are practically barred from the Canadian market.

We understand you are to appear before the Ways and Means Committee at Washington at an early date, and we want, with others, to enter our protest against this state of affairs.

Very truly, yours,

MILLIKEN, TOMLINSON CO.,
A. T. LAUGHLIN, *President*.

COLUMBUS, OHIO, *November 16, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: This company, representing 10 wholesale grocery houses in the State of Ohio, wishes to protest to your committee, through a representative appointed for that purpose, against the injustice of permitting the Canadian government to sell their teas in our border States, and which are ultimately distributed all over the United States, without paying to the Government the duty, as the citizens of the United States are obliged to pay to the Canadian government in shipping teas into Canada.

These Canadian shippers pay nothing to our Government and in return derive all the benefits of our Government without paying taxes for the support of our Government in the conducting of their tea business.

We think the injustice to be so apparent as to appeal to you without the furnishing of further reasons, many of which could be cited, such as that of the employment of labor, etc.

Yours, very truly,

THE ELDRIDGE & HIGGINS CO.,
CHARLES C. HIGGINS, *President*.

NEW YORK, N. Y., *November 17, 1908.*

MR. CHAS. BANKS,
Care of B. Fischer & Co., New York City.

DEAR SIR: We understand you are appointed to take up a matter with the Committee on Ways and Means, Washington, D. C.

In regard to this matter we desire to enter our protest regarding the unfairness in ways of competition whereby teas shipped to Canada have to pay a duty of 10 per cent, whereas teas imported from Canada come in free, which is injurious to the interest of American merchants, especially along the border line.

We furthermore protest at the unfair conditions existing whereby teas are imported from foreign countries packed in lead-foil packages, decorated tins, and fancy packages without payment of any duty, and furthermore, packed by labor at wages such as it is impossible to obtain in the United States.

Decorated tins when imported empty for purposes of filling with tea here entail a duty of 45 per cent, whereas if imported containing tea from foreign countries are admitted duty free.

With kind regards, yours, faithfully,

WEDDLE TEA COMPANY,
HAROLD WEDDLE.

NEWARK, N. J., *November 16, 1908.*

MR. C. R. BANKS,

Care of B. Fischer & Co., New York City.

DEAR SIR: Your circular letter at hand, and in answer we thoroughly indorse your endeavors for a fair competition with the Canadian government. It hardly looks fair that they shall put their package tea in our territory free while we have to pay a duty to sell in their territory. We therefore indorse your actions in this matter and hope you will be able to bring about a better condition.

Yours, respectfully,

WILKINSON, GADDIS & Co.,
F. W. HANNACKS.

ELMIRA, N. Y., *November 16, 1908.*

C. R. BANKS,

Care of B. Fischer & Co., New York, N. Y.

DEAR SIR: We are in receipt of your letter of November 13 and are in full accord with your views. While we have not looked into this matter very thoroughly, if as you say the Canadians are enjoying the privilege of not paying any duty whereas we are obliged to pay the Canadian government for shipments we make, we certainly consider it unfair competition.

We trust that you will meet with success in your endeavors to meet the conditions.

Yours, very truly,

C. M. & R. TOMPKINS.

BUFFALO, N. Y., *November 16, 1908.*

MR. C. R. BANKS,

Care of B. Fischer & Co.,

371 Greenwich street, New York City.

DEAR SIR: In regard to Canadian tea dealers selling package and other teas in our market, would state that they are doing so to quite a large extent, and we do not consider that the Government is justified in allowing them to do so while the Canadian authorities exact a duty when we attempt to sell goods in their market.

We think that some action should be taken to see that this is done away with and trust that you will be successful in so impressing the members of the Ways and Means Committee at Washington.

Yours, respectfully,

RACE & KINSLEY.

NEW YORK, *November 17, 1908.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: We desire to enter our protest against the admission of teas from Canada free of duty, as the Canadians impose a 10 per cent duty against teas coming from the United States.

We also want to enter our protest against the admission of teas from any country in packages of 1 pound and under, packed in lead, tin, lacquer, glass, cardboard, or paper, as the cost of foreign material and labor is so much below ours that it is impossible to meet this competition with teas packed in the United States in American material and by American labor.

Respectfully,

AUSTIN, NICHOLS & Co.

BUFFALO, N. Y., *November 16, 1908.*

MR. C. R. BANKS,

Care of B. Fischer & Co.,

375 Greenwich street, New York City.

DEAR SIR: It has come to our notice that you will appear before the Ways and Means Committee at Washington on Wednesday, November 18, to enter protest against the Canadians who have been selling package teas to our border state customers.

We wish to assure you that we are with you in protesting against this practice, for the reason that this sort of competition is unfair to the jobbing trade of the United States, inasmuch as we are prevented from selling teas on the Canadian border by a Canadian duty of 10 per cent on the selling price.

We trust that your protest will be favorably considered and that steps will be taken to eliminate this unjust competition as soon as possible.

Yours, respectfully,

J. I. PRENTISS & Co.

NEW YORK, *November 16, 1908.*

MESSRS. B. FISCHER & Co.,

New York City.

GENTLEMEN: In reply to the letter of your Mr. Banks, asking our experience in regard to the sale of teas by Canadians in the United States against our houses, we have to report that it has been a serious detriment for a number of years. Our salesmen report that Canadians all along the line, from Maine to Detroit, are selling our people, owing to the fact that the duty which formerly existed against Canadian and English teas was repealed some years ago, whilst the Canadians have carefully retained their duty against us, rendering it impossible for us to enter their territory and sell goods which have been imported into the United States. This has been a great injustice to the tea trade of our country.

We have constantly recommended the reimposition of the duty against Canada and England, although we are opposed very decidedly to any duty on teas from China and the East.

Very truly, yours,

GEO. W. LANE & Co.

PHILADELPHIA, *November 16, 1908.*

Mr. CHAS. R. BANKS,

Care of Messrs. B. Fischer & Co., New York City.

DEAR BANKS: We are in receipt of your favor in reference to discrimination duties on teas between the United States and Canada.

We realize the importance of having this matter adjusted, as it is unfair for the Canadians to have the selling advantage which is theirs at the present time. This not alone applies to teas in original package, but it gives them a still further advantage on teas in packages, and we know that Canadian firms are offering and selling large quantities of package goods in the United States at the present time.

When packed in tins or lead foil they have a still further advantage over American packers, owing to the fact that duty is not collected on these styles of packages. In other words, lead foil and tin both pay a tariff when entering this country, whereas the packing cost is lessened in Canada by reason of a lower cost for manufactured tins and leaf foil.

We shall be much pleased to give you further assistance in this matter if it is in our power to do so.

Yours, sincerely,

THE A. COLBURN Co.,
WM. WEST, *President.*

CHICAGO, ILL., *November 13, 1908.*

Mr. WILLIAM K. PAYNE,

Clerk Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: Our firm, having sold teas along the Canadian border for several years, finds, with other firms in the United States doing business in the tea trade, that we are severely and unjustly handicapped by Canadian competitors shipping teas to the trade in this country with the benefit of entering them free of any duty, while firms in the United States wishing to do business in Canada are confronted with a prohibitive duty of 10 per cent. The utter unfairness of the situation is very apparent, and we trust that your committee will equalize matters by putting us in a position to meet this competition by affixing a duty on any and all teas entering the United States from Canada of 10 per cent in retaliation.

We are merely voicing the sentiments of the wholesale grocery trade, because it affects their business, and this protest is made on behalf of the wholesale grocery trade throughout the United States with whom we do business.

Respectfully submitted.

JOHN C. SIEGFRIED & Co.,
Per GEORGE H. MAUS.

NEW YORK, *November 16, 1908.*

Mr. CHARLES R. BANKS,

Delegate, Ways and Means Committee.

MY DEAR SIR: I take this pleasure of indorsing you in your protest re Canadian trade in our State before the above said committee.

I trust you will also not omit to protest most strongly against the great injustice that is being done the tea merchants of this country

by allowing to enter free the large quantity of fancy decorated tins containing tea in all shapes and sizes.

It goes without saying that we are absolutely unable to produce a similar tin on the same basis, and combined with the underpaid English labor we are in a like position.

The cost of female labor in this country for tea packing costs from \$5 to \$10 per week, as against the underpaid price of 5 to 7 shillings sterling per week in England, or equivalent \$1.25 to \$1.75.

The writer, who has just recently returned from one of his many visits to that country, had once again the opportunity to see the said goods packed for this coveted American trade, and reports conditions exactly the same.

The packers' faces and looks, combined with the dirty, unhealthy condition of their persons, is, to say the least, enough to make the humblest of our east-side aliens discontinue drinking tea forever, were they only allowed to see the conditions under which said goods are packed.

Wishing you every success in your protest, believe me,

Yours, very sincerely,

ARCHIBALD DAVIDSON.

NEW YORK, *November 16, 1908.*

Mr. C. R. BANKS,

Care of B. Fischer & Co., New York.

DEAR SIR: In reference to your conversation, I take pleasure in handing you what may be regarded as safe calculations based on actual costs and figures for teas packed in London in fancy decorated tins for this country.

The cost of similar tins from the American Can Company are as follows:

One pound, 8 cents, against London cost £8 per 1,000 in 25,000 lots; one-half pound, 10½ cents, against London cost 10½s.; one-fourth pound, — cents, against London cost 7½s.; and the cost of material and labor in this country you know practically as much about as I do.

Trusting this is the information you require,

I am, dear sir, yours, very faithfully,

ARCHIBALD DAVIDSON.

Decorated.	English cost.			American.		
	Pounds.	½ pound.	¼ pound.	1 pound.	½ pound.	¼ pound.
Tins	0.04	0.05	0.07	0.08	10½	(?)
Wood case	.01	.01	.01			
<i>Blending.</i>						
Collecting and repacking original package into	.02	.02½	.03			
<i>Material.</i>						
Inside wrapper, outside wrapper, inside seal, outside seal, and sundries	.02	.02½	.03½			
Ocean freight landing charges	.00½	.00½	.00½			
Tea	.13½	.13½	.13½			
Total	.22½	.24½	.28½			

NEW YORK.

Very nearly 10 per cent of the entire imports of Canada is shipped to this country. They have the benefit of rates in freight that we can not get under the freight laws as they now exist in this country.

Tea imported into this country in tin packages:

Duty on tins.—Sheet tin, $1\frac{1}{2}$ cents per pound. Cans, tin or other metal, 45 per cent, but not less than $1\frac{1}{2}$ cents.

Tea imported into this country in lead packages:

Duty on lead.—At least $2\frac{1}{2}$ cents per pound. Metal foil, 45 per cent.

GEO. C. CHOLWELL & Co.

NEW YORK, *November 14, 1908.*

Col. C. R. BANKS,

*Care of Messrs. B. Fischer & Co.,
New York City, N. Y.*

DEAR SIR: We are in receipt of your letter of November 13, 1908, stating that you expect to appear before the Ways and Means Committee, at Washington D. C., Wednesday, November 18, to protest against allowing Canadians to ship teas across the border into the United States duty free, whereas the Canadian government have placed a 10 per cent duty on teas entering the Dominion from the United States.

We wish to indorse the protest, and will say that we have received numerous complaints from our salesmen, who sell along the border, of unfair competition.

We believe the main reason of this complaint to be that the Canadian government will admit poorer or trashier teas than the United States Government will allow to enter, and because of their being shipped in small lots they fail to come under the eye of the United States Government inspector.

Hoping that your protest will aid in remedying the present situation, I remain,

Very truly, yours,

BENNETT, SLOAN & Co.,
ARTHUR F. TRIPP.

SYRACUSE, N. Y., *November 14, 1908.*

Mr. C. R. BANKS,

*Care of B. Fischer & Co.,
371-375 Greenwich street, New York, N. Y.*

DEAR SIR: Yours of the 13th in regard to the duty on teas entering Canada from this country at hand.

In reply we would say that this is a matter of considerable importance to us, as in towns near the Canadian border we come into direct competition with teas sold on this side of the line by Canadian firms, and on account of the duty we are unable to compete with them on their own side of the border. We think in justice to the American dealers the duty in Canada should be done away with or a corresponding duty should be placed on all teas entering this country from Canada.

We trust that your committee will be able to impress the justice of this view on the Ways and Means Committee, and will gladly do anything that we can to help the matter along.

Very truly, yours,

O. V. TRACY & Co.

BOSTON, *November 14, 1908.*

Mr. C. R. BANKS, New York.

DEAR SIR: We are pleased to know that you are about to call the attention of the Ways and Means Committee to a long-standing abuse.

As we understand it, at the time our duty on teas from Canada was removed, Canada officials had given assurance that like action would be taken by their government. This not having been done, the one-sided business to which you refer has developed. If that duty could be reimposed, unfair competition, brought about by action of our Government, would disappear.

We are heartily in sympathy with any movement to reestablish equal conditions.

Yours, truly,

WILLIAMS & HALL,
By E. E. WILLIAMS.

BUFFALO, N. Y., *November 16, 1908.*

Mr. C. R. BANKS.

DEAR SIR: Yours of recent date received this a. m. In reply to same will say we heartily indorse any action you may take to stop the Canadian competition.

We consider this trade unfair competition, and it is working great hardship among all tea dealers along the border.

We are ready to assist you in anyway that is in our power, and hope you will be successful in your endeavor.

Respectfully, yours,

THE WITKOP & HOLMES COMPANY.

ROME, N. Y., *November 14, 1908.*

C. R. BANKS, *New York City.*

DEAR SIR: Your favor of November 13 is at hand, and it certainly is a great surprise to us to learn that Canadians are selling package teas in our country without paying duties, when Americans are required to pay 10 per cent duties providing they wish to sell in Canada.

As the expenses of every wholesale grocer and dealer in teas are quite extensive and all are required to pay duties toward the support of our Government in taxes, etc., we certainly protest quite strongly against any such method. We hope that the Ways and Means Committee at Washington will devise some way of either preventing them from selling goods in this country under such unfair circumstances, or that there may be laws enacted to compel the Canadians to pay the same percentage of duties as we are required to pay when we sell in their country.

Respectfully, yours,

L. HOWER,
Wholesale Grocer.

SYRACUSE, N. Y., *November 14, 1908.*B. FISHER & Co.,
New York City, N. Y.

GENTLEMEN: We understand that you are to appear before the Ways and Means Committee at Washington on November 18. We wish to add our protest against the Canadians who have been selling tea to our border state trade and who are selling package teas to a great many States, and we understand not paying the United States Government a duty. We believe that the Canadian government charges us 10 per cent on the selling price when we ship goods over the border. We think this an unfair competition that they should enjoy benefits of our Government without paying taxes.

We sincerely hope this unfairness may be corrected.

Very respectfully,

CROUSE GROCERY CO.,
GEORGE N. CROUSE.BOSTON, *November 14, 1908.*Mr. C. R. BANKS,
Care of B. Fischer & Co., Greenwich Street, New York.

DEAR SIR: We are informed that you have been delegated to appear before the Ways and Means Committee at Washington on Wednesday, November 18, to enter protest against the custom now prevailing where Canadian merchants have the privilege of flooding our New England States, and in fact the whole country, with teas packed in Canada, without paying our Government any duty, whereas if we have an opportunity of selling any goods in the Canadian territory we are obliged to pay the Canadian government a duty of 10 per cent on the selling price, a duty so large that it is practically prohibitive.

This certainly is unfair competition, and is every year injuring our business more and more, as we have a large trade with merchants on the border line, and we want to raise our voice in protest against a continuance of the present conditions, and heartily indorse your endeavors to show these conditions before the Ways and Means Committee in an effort to effect a change.

Very truly, yours,

DELANO, POTTER & Co.

NEW YORK. *November 16, 1908.*Mr. C. R. BANKS,
*Care of Messrs. B. Fischer & Co.,
375 Greenwich Street, City.*

DEAR SIR: We wish to voice our protest against the manner in which the Canadians, who, because of no duty on tea to our country, are able to compete with us in the border States, while we, because of a duty of 10 per cent a pound on teas to Canada, are prohibited from selling teas in that country.

We believe if our Government can not succeed in having the duty on tea, shipped from the United States to Canada, removed, that a like duty should be placed on teas from Canada to the United States.

Yours, truly,

EPPENS, SMITH COMPANY,
J. A. EPPENS, *Vice-President.*

[Telegram.]

MALONE, N. Y., *November 16.*

C. R. BANKS,

Care B. Fischer & Co., New York:

We protest most emphatically against the unfair and vicious competition of Canadian tea brokers permitted and encouraged under the present laws. This advantage is rapidly demoralizing the tea trade for northern jobbers, and we indorse heartily your efforts.

ANDRUS-ROBINSON CO.

NEW YORK, *November 16, 1908.*

MR. C. R. BANKS,

New York City.

DEAR SIR: We beg to inform you, as a delegate for the tea trade to appear before the Ways and Means Committee at Washington, November 18, 1908, that we most vigorously protest against the unfair competition with Canadian merchants who are selling tea in our border States and are permitted to enter it from Canadian ports without duty, thereby enabling them to work off their surplus stocks with our customers; while, on the other hand, we are compelled to pay 10 per cent duty on all shipments that we undertake to make to Canadian dealers from our American ports.

We trust it will be fully understood by our legal representatives at Washington that this is "jug-handle" legislation and militates against the enterprise and industries of the United States. It also encourages competitors who do not in any way contribute to the expense of maintaining the support of our Government or the employment of our citizens in the labor necessary to conduct its various branches.

Yours, respectfully,

THE G. B. FARRINGTON CO.,
D. C. JOHNSON, *President.*BOSTON, MASS., *November 16, 1908.*C. R. BANKS, *New York.*

DEAR SIR: We wish to protest against this unfair competition. The Union Blend people firm, Harry W. de Forest, St. John, N. B., have flooded Massachusetts with their cheap package goods, underselling and doing large advertising. We can understand now how they can afford to do this—the cheap help and no duty. Wish you could stop this trade at once.

Yours, sincerely,

FREDK. C. SMALL & CO.

MALONE, N. Y., *November 16, 1908.*

MR. C. R. BANKS,

Care B. Fischer & Co., New York City.

DEAR SIR: Your letter of the 13th instant for some reason only came to hand yesterday. As the matter to which you refer interests

us so vitally, we were in doubt whether a letter addressed you to-day would reach you in time to be of any use by you November 17 at Washington. For this reason we have wired you to-day, protesting against the present laws which encourage the vicious competition of Canadian tea brokers and importers, who have no legitimate basis for selling or standards of grades. Located as we are in the extreme northern tier of counties, we feel this competition keenly, and are heartily willing to cooperate with you in any way in our power to advance the mutual interests of all jobbers and importers selling tea in this section.

Yours, truly,

HOWARD,
Andrus-Robinson Company.

BUFFALO, N. Y., *November 16, 1908.*

MR. C. R. BANKS,
New York City.

DEAR SIR: You have my hearty indorsement in the protest against the Canadian government for selling teas in the United States without paying duty to our Government, as they require us to do. Wishing you every success in your endeavor to have justice done in this matter, and with very best wishes, I remain,

Yours, respectfully,

D. MAHANAY'S SONS.

[Telegram.]

ST. PAUL, MINN., *November 16.*

C. R. BANKS,
*Care B. Fischer & Co., 371 to 375 Greenwich street,
New York City.*

Large quantities Canadian tea sold this territory. Will indorse any movement placing us on equal basis. Would like Canadian duty removed.

FOLEY BROS. & KELLY.

[Telegram.]

ST. PAUL, MINN., *November 16.*

C. R. BANKS,
Care B. Fischer & Co., 371 Greenwich Street, New York City.

We would like to be let into Canadian markets on even terms, but if can't, will indorse any movement which will keep Canadian tea merchants out of our territory.

GRIGGS COOPER & Co.

[Telegram.]

ST. PAUL, MINN., *November 16.*

C. R. BANKS,
371 Greenwich Street, New York.

Unfair conditions existing between States and Canada on tea seriously injures our business.

J. H. ALIEN & Co.

TROY, N. Y., *November 14, 1908.*

C. R. BANKS,
New York City.

DEAR SIR: We are very glad to know that a strong protest is to be made of the matter of the Canadian tariff on teas. In a large part of our territory the Canadians have been flooding the trade with teas, as this country has no tariff on these goods, while we are cut off from selling tea in Canada by the Canadian tariff. It is a very bad state of affairs for American firms in the tea business, and should be remedied at once, in some way. All the package teas are put up by Canadian labor, which pays no taxes to this Government. They have full swing in the United States selling goods, while no American firm can compete against the duty of 10 cents a pound.

Yours, truly,

SQUIRES, SHERRY & GALUSHA.

NOVEMBER 16, 1908.

MR. C. R. BANKS,
371-375 Greenwich street, New York City.

DEAR SIR: We are pleased to have the opportunity to put ourselves on record as in favor of a retaliatory duty of 10 per cent on all bulk teas coming from Canada.

We would also like to see a duty on all packet teas from any foreign country, sufficient to protect those who put up such packets here from the competition of cheap labor of other countries.

Yours, very truly,

RUSSELL & CO.

NEW YORK, *November 17, 1908.*

HON. CHAS. R. BANKS.

DEAR SIR: Hearing that you have undertaken to represent the tea trade, in the matter of a duty on teas in packages imported into this country, and not packed at the original port of shipment, we wish to express ourselves as being heartily in favor of such a duty and also in favor of a duty on all teas imported from Canada as long as there is a duty there on all teas coming from the United States.

Yours, very sincerely,

THORN & CREGO.

NEW YORK, *November 13, 1908.*

GENTLEMEN: The writer has been delegated to appear before the Ways and Means Committee, at Washington, Wednesday, November 18, to enter protest against the Canadians who have been selling tea in our border State trade and are advancing their interests now all over the States with package teas and not paying our Government a duty, as we are obliged to pay the Canadian government when we ship there, of 10 per cent on the selling price, and I ask you to write me at once your protest and state your knowledge of there being unfair competition, they enjoying the benefits of our Government without paying taxes for the support of our Government in the con-

ducting of their business or employing our citizens' labor in packing the tea.

Your reply will have to be received here by Tuesday, November 17, to be used the following day at Washington. In the event of your not being able to address me by mail, kindly wire your indorsement of my endeavors to meet the conditions.

Very respectfully, yours,

C. R. BANKS.

NEW YORK, *November 17, 1908.*

Mr. C. R. BANKS,
*Care of B. Fischer & Co.,
 No. 371-375 Greenwich Street, City.*

DEAR SIR: We understand that you have been delegated to appear before the Ways and Means Committee, at Washington, on Wednesday, November 18, in regard to a protest against Canadian tea merchants who have been selling teas in the northern border of our State. We have always felt that the sale of tea in this territory by the Canadian merchants was unjust to us and trust that you will enter our name in protest against the Canadian merchants coming here and selling tea to our trade when they in turn charge a 10 per cent duty on any teas that we might sell in Canada. We consider such competition to be not only unfair, but unjust. Canada merchants are closer to our trade in the North, consequently their freight rates are less. They can lay down teas in the northern part of New York for less money than we can, consequently we can not compete with them, and if they are enjoying the privilege of selling tea in our country without paying taxes for the support of our Government we should certainly have the same privilege of going into their country.

If they will not allow us to sell our tea in their country without charging us a 10 per cent duty, they should certainly be compelled to pay the same amount for the privilege of getting their business in our territory. Something ought to be done about this matter, and we trust that the Ways and Means Committee will see the injustice and do something to put us in a position to compete with the Canadians in selling tea in a territory which justly belongs to us. If something is not done, it will drive merchants of our standing out of the tea business all along the northern border.

We remain, respectfully, yours,

R. C. WILLIAMS & Co.
 W. H. SINCLAIR.

PLATTSBURG, N. Y., *November 14, 1908.*

Mr. C. R. BANKS,
371 Greenwich Street, New York City.

DEAR SIR: We wish to enter our protest, and ask you to present it before the Committee of Ways and Means at Washington, against allowing the Canadians to come into the State of New York and sell their package teas without paying any duty. Here along the frontier we find this competition very sharp, and while we are obliged to meet the competition that is incident to the trade from those who pay their

share of taxes to the support of the Government, we do not think it is fair that the Canadians should be permitted to come here and enjoy the benefit of our trade without paying something to the Government for its support. We strongly urge that Congress will take this matter up and make provisions at least that they can not have the advantage over people who do business here and pay the taxes.

Yours, truly,

BOOMHOWER GROCERY Co.
A. D. BOOMHOWER, *President.*

NEW YORK, *November 17, 1908.*

MR. CHARLES R. BANKS, *City.*

DEAR SIR: We would like to voice our protest against the unfairness of Canadian competition in bulk and packet teas.

Either the American should be protected by a retaliatory duty or the ad valorem duty of 10 per cent removed.

Trusting that good result will follow your presentation of these conditions before the Ways and Means Committee, we remain,

Very truly, yours,

HALL & LOUDON.

NOVEMBER 18, 1905.

TO THE HONORABLE SECRETARY OF THE TREASURY,

Washington, D. C.

HONORABLE SIR: The trade in tea packed in tin, lead, and other unusual coverings in denominations of 5 pounds and under is growing to large proportions in this country. The trade in same is in a very large degree controlled by foreign firms and corporations, against which Government has imposed no discrimination, except as implied in paragraph 548 of the Dingley tariff act, which is not in force.

My understanding of said paragraph is that it is in the discretion of the Secretary of the Treasury to impose a tax on such coverings equal in amount at least to the duty we must pay on lead, etc., and the value of the labor employed in packing, etc., in addition which would otherwise be enjoyed by American labor.

I am strong in the belief, and in which I am safe to say all jobbers in teas agree, that it is unjust to permit packers of teas in Canada to ship teas in a large way to this country, the tea free of duty, as well as the lead, etc., in which it is packed.

It is a discrimination against American capital and labor to permit teas, in the denominations mentioned, into this country from Great Britain, India, Ceylon, Japan, and China without a tax at least on such coverings, and also it places all importers, jobbers, and packers of teas in this country at an unfair disadvantage against which they look and hope for protection.

This communication is not official, but I am satisfied it will receive consideration. It is suggested by my interest in tea, as well as in the general welfare of the business, but should the exigency arise (which I hope it will) my firm will, I believe, strongly advocate such measures as will result in justice to all parties in interest.

I am, honorable sir,

Very respectfully,

R. C. MORRISON,
Manager Tea Department.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, November 21, 1905.

R. C. MORRISON,
Manager Tea Department, Reid, Murdock & Co.
(Incorporated), Lake and Market Streets, Chicago, Ill.

SIR: Replying to your letter of the 18th instant, calling attention to the large importations of tea imported in 5-pound packages and under, inclosed in what are claimed by you to be unusual coverings, and expressing the hope that this department may find a way of assessing duties thereon, in order to protect domestic interests, I have to inform you that tea being free of duty the usual and necessary coverings containing such tea are likewise exempt. It is provided, however, under No. 19 of the customs administrative act of June 10, 1890, that "if there be used for coverings or holding imported merchandise, whether dutiable or free, any unusual article or form designed for use otherwise than in the bona fide transportation of such merchandise to the United States, additional duty shall be levied and collected upon such material or article at the rate to which the same would be subject if separately imported." The question as to whether a covering is an unusual one is strictly a question of fact to be determined by commercial usage. The department has heretofore contested several cases of this kind in the courts, but without success. If you have any particular cases in mind, and can prove by competent trade testimony that such coverings are unusual, within the meaning of No. 19, I would advise you to bring the matter to the attention of the collector of customs at Chicago.

Respectfully,

J. B. REYNOLDS,
Assistant Secretary.

CHICAGO, November 16, 1908.

Mr. C. R. BANKS,
Care B. Fischer & Co., 371 Greenwich street, New York.

DEAR SIR: We have your favor having relation to free admission of teas to this country from Canada.

As the inclosed copies of letters to and from the Treasury Department will show, we had a keen sense of the injustice, and are still strong in that opinion, and we endeavored to interest Mr. Thomas Phealan, of your city, who was then president of the National Tea Association, in the cause.

The writer, on receipt of the Treasury's reply, saw that he had overreached himself in the assertion that the coverings were unusual. In a sense, it was correct, inasmuch as packages of 1 pound and under were an innovation conceived in London, and the subsequent success was made possible by the Chicago World's Fair. The benefit resultant, however, should be enjoyed by American capital and labor.

It is needless to say that we are in thorough accord with the movement, and we are very hopeful your presentment of the cause before the Ways and Means Committee will be successful.

You will kindly commend the writer to Mr. Boutell, of the Ways and Means Committee, who has on a few occasions listened to the appeals of a committee of which he was a part on matters pertaining to tea.

Yours, truly,

REID, MURDOCH & Co.
R. C. MORRISON.

NEW YORK, *November 25, 1908.*

To the Hon. S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: With reference to my statements to your honored committee covered in tariff hearings under date of November 19, in regard to duty on tea packages, I herewith beg to confirm same as to the exhibits on tea containers of tin, metal, lead, lacquer, and lithographs imported into the United States free of duty. A full line of these specimen packages of the most elaborate designs can be easily procured from the tea examiners of the port of New York.

I desire to correct the expression that glass packages containing tea were imported free of duty as exhibits shown to your committee, as I now learn that a duty is collected on glass packages, and I regret that my informant was ill advised anent this.

In view of the fact that glass containers of tea are classed as unusual packages and subject to duty, it is the general opinion of alleged authorities on dutiable products that the tin, metal, lead, lacquer, and lithograph containers classified by the trade as unusual packages should also be subject to duty.

Very respectfully, yours,

CHARLES R. BANKS.

**SEEMAN BROTHERS, NEW YORK CITY, OBJECT TO THE PLACING
OF A DUTY ON TEA OR ON ITS CONTAINERS.**

NEW YORK, *December 15, 1908.*

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: We are an American firm, doing a large volume of business in Ceylon package teas. We have found it an advantage to import this tea in small lead packages, which are sold intact to the consumer, not only because it can be thus packed more cheaply in the country of origin, but better as well.

Tea is primarily an economical drink of the people. Any duty on either the tea itself, or the ordinary lead package or tin in which most package teas are sold, would have to be paid by the consumer. We should estimate that 300 girls could probably pack all the package teas that this country consumes. Is it worth while to tax the entire American tea-drinking public in the effort to give employment to such a small number?

We do not care to make this letter a brief, but simply wish to indicate that we as an American firm, and probably one of the largest

handlers of package tea of any American firm in this country, think it inadvisable to put any duty on bulk tea or on the ordinary lead or tin package in which we consider it advisable that tea should be sold.

Yours, very respectfully,

SEEMAN BROTHERS.

HON. F. C. STEVENS, M. C., SUBMITS LETTER OF J. W. COOPER, ST. PAUL, MINN., RELATIVE TO THE TEA TRADE.

ST. PAUL, MINN., *December 16, 1908.*

Hon. F. C. STEVENS, M. C.,

Washington, D. C.

MY DEAR MR. STEVENS:

* * * * *

There are representatives of Canada tea merchants now in St. Paul canvassing the St. Paul trade, and they have canvassed most all of our large trade between here and the Canadian line. Would call your attention to the fact that we can not sell tea in the Canadian provinces unless we pay a duty, but the Canadian merchants come into our market without duty. I see the customs department have decided to tax containers—that is, fancy packages in which teas are packed—which will have some effect, but I think our new tariff should provide that unless the Canadian government is willing to let American dealers in there on the same terms on which they come into our territory, we ought to impose a duty, to put us on a fair basis with the Canadian merchants.

Thanking you in advance for the kindness of a reply, I am,

Yours, very respectfully,

J. W. COOPER,
Of GRIGGS, COOPER & Co.

GEORGE W. LANE & CO., NEW YORK CITY, OPPOSE AN IMPORT DUTY ON TEA AND FAVOR A DIFFERENTIAL AGAINST CANADIAN AND ENGLISH TEAS.

93 FRONT STREET,
New York, December 30, 1908.

The Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: As we learn of efforts being made by certain individuals of the coffee and tea trade to prevail upon your honorable body to levy a duty upon these articles, will you permit us, as one of the two or three oldest importing houses in the tea trade, of fifty years' standing, to convey to you the sentiment which prevails among the majority of importers? It is the universal opinion that a protective differential duty should be placed upon teas against the invasions of our Canadian neighbors, which have been going on for years. They are privileged to sell all the trade of the United States, to the great injury of our business, whilst we are excluded from Canada by their special duty against tea.

In regard to a duty of 10 cents on tea from countries of production, we are of the same opinion as when we appeared before you after the Spanish war and solicited a repeal of the duty. The reasons are principally two: First, a duty destroys the sale of the highest grades of tea. Under the last duty the lowest grades doubled in importation, while the highest grades were reduced to almost nothing. Through the interests of retailers the country became practically deprived of good teas. We demonstrated this fully before you when you gave us a hearing upon the repeal of the duty.

The second reason is that a duty of 10 cents being fully 70 per cent addition to the original cost of importation, which averages about 15 cents, tea is injured seriously in the consumption. This exorbitant increase in cost doubles the risk of bad debts for all the trade without any compensating advantage in profit. In addition to this, the expenses of storage in bonded warehouses and the custom-house fees place another burden upon a trade which has suffered very much during the last decade of years and can not bear a further hardship without danger to its very existence. As, of course, you are fully aware that the duty on tea is a direct tax upon the tables of the poorest, which does not seem opportune in this period of general distress, we consider it unnecessary to dwell upon it.

For these reasons we trust that you will not impose a duty on tea beyond a differential against Canada and England, which would serve to do away with the injustice now existing.

Yours, very truly,

GEO. W. LANE & Co.

**MARTIN GILLET & CO., OF BALTIMORE, MD., RECOMMEND THAT
TEA BE RETAINED ON FREE LIST AS IT IS NOT A LUXURY.**

BALTIMORE, MD., *December 29, 1908.*

HON. JOHN DALZELL, M. C.,

House of Representatives, Washington, D. C.

SIR: As there have been quite a number of rumors in regard to a duty being placed on tea, we write to ask that you use your best endeavors to keep this from being a fact. In the first place, the business suffered in 1898 from the war tax of 10 cents and nothing put on coffee, its competitive article. This was a serious handicap during the ensuing years of that tax, and we believe to again, in such a short time, upset our business would be a serious menace to it.

Tea is not a luxury, but a staple for many, and in your great State of Pennsylvania are found a larger proportion of tea drinkers than in any State south of the New York line, and it seems to us to tax tea except as a war measure, when anything may be condoned, is both unjust and un-American. Such a tax would fall almost altogether on the poorer people, little or none being felt by the wealthier class.

Trusting that you will be able to see your way clear to lend your great influence against agitation on this line, we are,

Yours, respectfully,

MARTIN GILLET & Co. (INC.).

**MCCORMICK & CO., BALTIMORE, MD., WISH NO CHANGE MADE IN
TREASURY RULINGS REGARDING TEAS.**

BALTIMORE, MD., *December 30, 1908.*

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: We were surprised to note the advice given by a number of importers of teas at a tariff hearing before you.

It has been the custom of the Treasury Department to admit teas packed in tins or other containers considered necessary to their proper transit without duty on the containers.

We respectfully protest against any change in this ruling.

It seems to us that some of the statements made before your committee were misleading.

Much of the larger part of Ceylon and India teas are imported to this country in bulk—that is, large cases. The statistics of the entry ports of this country will substantiate this.

The higher the grade of tea the greater care is exercised in its packing, since exposure to moisture or air has a deteriorating effect on tea. Therefore we, in common with many other dealers in this country, have been having our finest-grade teas packed for us at the point of production in small tin containers, principally one-half pound and one pound. These tins are filled with the finest growths of Ceylon tea, and the packing is such that the deteriorating effects of air and moisture are reduced to a minimum.

If this tea is imported in large cases, our belief is that it will not reach us and be sent to our trade in as good condition as if imported in the containers mentioned.

We ask your special attention to this matter, since it is not a question of protection, but of making a new ruling under the tariff act.

We beg to remain, very respectfully,

MCCORMICK & Co.,
Manufacturing Chemists,
By R. A. MCCORMICK,
Vice-President.

AGRICULTURAL PRODUCTS AND WOOL.

**DATUS C. SMITH, BLANCHARD, N. DAK., ADVOCATES REMOVAL
OF DUTY FROM AGRICULTURAL PRODUCTS AND WOOL.**

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: I beg briefly to present to you the views of a farmer respecting proposed tariff changes as affecting his business.

In order that I may appear not disqualified to speak as a farmer, let me say that for more than twenty years my principal business has been that of farming at Blanchard, N. Dak., where I own and operate a farm of 2,800 acres. And, to avoid any appearance of political partisanship, I may add that I am a Republican, reserving to myself the same right of personal judgment on tariff matters as though I were a manufacturer.

I desire this opportunity the more earnestly since so far as I am aware, no farmers, save the growers of fruit and makers of wines, and of course the woolgrowers, have made any representations to you, while the great array of interests that have been before you are the very ones that are engaged in selling their products mostly either to the farmers or to those who serve them.

Both sides of the enormous business carried on by the farmers of America deserve consideration, and I earnestly beg you yourselves to look after the interests of the farmers, who can not possibly be adequately represented as are the manufacturers. As I see it, the farmers are needing more friends in Congress.

I can not speak positively of those detached agricultural interests such as semitropic horticulture, which may need some protection, but I may say in passing that I can not see the justice of a protection aimed to maintain land values in such business at \$200 to \$500 per acre when the average farmer, in well-settled parts of the United States, has not been able, with many years of very hard labor, to lift his land values above, say, \$50 an acre.

So I leave out the semitropic fruit interests, with the suggestion that you diligently inquire how it comes about that their lands have become so valuable.

But, speaking generally, I respectfully ask to have the entire agricultural list made "free." My reason for this, in the first place, is that it is, as a rule, not the slightest advantage to the farmer. Take wheat, which I largely raise on my farm.

With no tariff, no doubt Canadian wheat would come down from Manitoba to be milled in Minneapolis, but that could not depress the price in America. Canadian wheat and our wheat both find their price in the Liverpool market, and it does not matter a whit if the wheat is moved around in the United States and Canada. There will be substantially the same surplus to export in any event.

The fear that Minneapolis would depress the price of Dakota hard wheat when she could also get Manitoba hard wheat is groundless. Minneapolis does not make and never has made the price for Dakota wheat. The freight rate from my station has always been exactly the same to Minneapolis and Duluth, yet Minneapolis prices as a rule lag 2 or 3 cents behind those of Duluth, the shipping point.

Duluth would likewise prove attractive over Minneapolis to all western wheat north of the border; yet there is no possibility of such wheat depressing the Duluth market. The irreducible surplus is bound to find an outlet and make its price, and it is of no importance whether it enters on Lake Superior through Duluth or Fort William.

I could name to you a long list of agricultural products whose large surpluses must be exported and on which a tariff can be of no possible benefit to the farmer.

You may ask if I have ever heard of the tariff on wool, with the incidental protection of 2 cents a pound on the mutton that Ontario farmers like to send to our Eastern cities.

Yes, I have heard of the tariff on wool and on mutton. I am, in fact, a sheep man. I have fed 2,000 sheep at a time on my farm and I now carry about 500 ewes the year around, with about the same number of lambs annually going to market.

Why can I then want the tariff taken off wool and mutton?

As to mutton, I may say that though it is imported it is also exported, and it is my impression that the exports of mutton are largely in excess of the imports.

I have myself exported mutton sheep to England and can not see that it mattered much in the price whether Canadian mutton came to New York and mine went to England, or vice versa.

Regarding the tariff on wool, I admit that it has often, perhaps generally, added to the price of the American product, but I deny that it has ever been a real benefit to American farming.

I am aware that there are ranches whose only business is keeping sheep, but why should sheep ranch men be assisted by the Government when cattlemen and horse raisers get along without assistance in the same sections of the country, especially in view of the fact that cattle and horses injure forests and grasses far less than sheep?

And if sheep ranching can not stand alone under precisely the same conditions as cattle raising, why should sheep ranching be aided and thrown into direct competition with the industry in normal conditions; that is, on farms.

My reasons for opposing a tariff on wool are two: First, it has never fully accomplished its alleged aims. It has often demoralized the business. This has caused marked fluctuations in the state of the industry with the consequent result of leading many farmers to fluctuate in keeping sheep, now "in" and now "out"—demoralizing changes more common in sheep husbandry than in any other branch of general farming.

Moreover, it has never built up a great sheep industry in America. In no respect of quality of products, of number of sheep per acre, of benefits to the land, or of permanence of the industry, has American sheep raising ever come within sight of that of England. Worse yet, it has in the past, by means of the tariff bounty on wool, degraded sheep husbandry into wool raising.

Everybody knows that under the high tariff on wool for many years sheep were raised in this country as a rule for their wool alone. Mutton raising was almost universally neglected because of the tariff bounty on wool. It was the Wilson tariff of 1894 that gave a great impetus to real sheep husbandry, from which I am free to add, it has not departed. Farmers lost the bounty on wool and saw that they must raise a class of sheep that would yield good mutton as well as wool.

There were, it is true, a few flocks of choice mutton sheep, but speaking generally, the more wrinkles there were on a sheep the more valuable it was—and its mutton was hardly fit to eat.

But my second reason for opposing a tariff on wool is far more important. It is that the tariff on wool steals away the judgment of the beneficiary. For a little bounty on, perhaps, an average of 40 fleeces of wool a farmer will go the whole length of protection, little realizing that he gets protection on so very little and pays protection on so very much.

This leads to another consideration that I believe to be of wide application. There is a common belief among farmers, and I fear among legislators as well, that the farmer buys but little. But is it not true that if a farmer sells \$5,000 worth of produce from his farm, and has left at the end of the year \$100, as a straight business proposition, he must have bought \$4,900 worth of things, though largely

unseen by him? Does he not, for instance, pay for steel rails and trainmen's clothing and grain elevators and barges and railroad profits in the form of freight charges on his crops surely, though he never hears of those charges?

The whole world takes toll of the farmer's crop, and it stands to reason, does it not, that in so far as the toll takers' living expenses are increased by a tariff they are bound to take a little more toll to make good—that is, when there is enough toll to go around.

We have long heard of a desire to give American industries a tariff protection sufficient to make good the difference between the cost of American and foreign labor.

Now, in case of America's greatest industry, how can that be done? When all the great staples of American farms, which great staples largely affect the prices of lesser crops—when these staples get their prices inexorably fixed in foreign markets in competition with like staples from foreign countries, how can any tariff add to those prices? How can the farmer be greatly helped in any tariff bill except by lessening the tariff on the things the farmer has to buy?

My last word, to which I invite more serious attention than to any other, is this: Who most needs protection in this country to-day?

Is it the manufacturing interests, grown so great that they are ashamed to longer call themselves infant industries? See the evidences of great and rapidly accumulating wealth of the factories, and then see the humble, meager, often miserable, life of the average farmer throughout the land. See agricultural land values at a dead standstill through thirty years of "protection" throughout the greater part of the United States east of the Mississippi River. What does it mean? Is there no way of giving the farmer protection?

If the farmer can not be protected in the price of things he has to sell, would it not be well to take a new tack and protect him in the price of things he has to buy?

Respectfully, yours,

DATUS C. SMITH.

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